Business objectives examples

[Business](#)

Any business has targets that it aims to achieve at a given period of time business. objectives can be defined as strategic and abstractgoalsmade by an entity to be attained at a given p of period. There are several objectives an entity may aim to achieve at a given period of time, these include;

Wealth maximisation

This is maximising the present value of every decision that is made by management. The net present value is the different between present values of all benefits received from decision made and present value of costs of that decision (Stanley I. 1999). To maximize wealth, the management takes decision with positive net present value while negative net present value decisions reduce the wealth of that firm, thus the firm only takes decisions with positive net present values. The decision so made considers first the time value ofmoneyby discounting the expected cash flow to the present value. Secondly, it recognizes risk by using discount rates and the third is profit maximisation (Tichy, Noel M. and Eli B. Cohen 1997).

These are traditionally considered as the major goals for an organisation. The management aims to achieve highest possible profit in a period. This is achieved by either increasing sales or reducing expenses. Sales are increased by increasing higher sales volume or sales price. This objective is criticized on the basis of;

- It ignores time value of money
- It ignores risk and uncertainties
- Its vague as profit cant be objectively defined
- It only focus on shareholders only and ignore other participants.

Socialresponsibility

The firm has other interested parties and can decide to operate to the best interest of others other than shareholders. The firm can decide to be involved in activities that benefit other parties and don't benefit shareholders directly but increase businessenvironmentof operation (Kotter, J. 1996). It has a long-term advantage of creating wealth to shareholders.

Business ethics

These are standards of conduct and moral behaviour. They include altitudes towards stakeholders i. e. employee, customers suppliers, creditors and general community. Ethics call to treat other stakeholders fairly and honestly. Ethics are measured by;

- Products quality and safety
- Fair employment practices
- Fair marketing and selling practices
- Legality of political environment
- Bribery and illegal payments to obtain basics (Schein, Edgar H. 1997).

Growth

This is the major objectives of small firms. The small firms can even undertake to procure projects with negative net present values to increase in size so that they can enjoy economies of large scale operation in future

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