



# BUSINESS ENVIRONMENT AND ITS OBJECTIVES IN THE GROWTH OF THE PRESENT ECONOMIC WORLD

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## ABSTRACT

*Objectives represent the purpose for which an organization has been started. Objectives guide and govern the actions and behaviour of businessmen. According to William F. Glueck, “Objectives are those ends which the organization seeks to achieve through its existence and operations.” Another term for objectives is goals. Logically, objectives ought to specify ends or results sought that are derived from and congruent with the mission the organization has set itself. Attempts to set objectives should always be guided by references to the mission they are meant to fulfil. Business objectives are something which a business organization wants to achieve or accomplish over a specified period of time. These may be to earn profit for its growth and development, to provide quality goods to its customers, to protect the environment, etc. It is generally believed that a business has a single objective. That is, to make profit. But it cannot be the only objective of business. While pursuing the objective of earning profit, business units do keep the interest of their owners in view. However, any business unit cannot ignore the interests of its employees, customers, the community, as well as the interests of society as a whole.*

**KEYWORDS:** *Effective Management, Business Environment and its importance, Human Resources Management.*

## DEFINITIONS

The term ‘business environment’ connotes external forces, factors and institutions that are beyond the control of the business and they affect the functioning of a business enterprise. These include customers, competitors, suppliers, government, and the social, political, legal and technological factors etc. While some of these factors or forces may have direct influence over the business firm, others may operate indirectly. Thus, business environment may be defined as the total surroundings, which have a direct or indirect bearing on the functioning of business. It may also be defined as the set of external factors, such as economic factors, social factors, political and legal factors, demographic factors, and technical factors etc., which are uncontrollable in nature and affects the business decisions of a firm.

Business Environment has been defined by *Bayard O. Wheeler* as “the total of all things external to firms and industries which affect their organization and operation”.



## 1. Economic Objectives

Economic objectives of business refer to the objective of earning profit and also other objectives that are necessary to be pursued to achieve the profit objective, which includes creation of customers, regular innovations and best possible use of available resources.

Profit Earning:

Profit is the lifeblood of business, without which no business can survive in a competitive market. In fact profit making is the primary objective for which a business unit is brought into existence. Profits must be earned to ensure the survival of business, its growth and expansion over time.

Profits help businessmen not only to earn their living but also to expand their business activities by reinvesting a part of the profits. In order to achieve this primary objective, certain other objectives are also necessary to be pursued by business, which are as follows

(a) Creation of customers: A business unit cannot survive unless there are customers to buy the products and services. Again a businessman can earn profits only when he/she provides quality goods and services at a reasonable price. For this it needs to attract more customers for its existing as well as new products. This is achieved with the help of various marketing activities.

(b) Regular innovations: Innovation means changes, which bring about improvement in products, process of production and distribution of goods. Business units, through innovation, are able to reduce cost by adopting better methods of production and also increase their sales by attracting more customers because of improved products. Reduction in cost and increase in sales gives more profit to the businessmen. Use of power looms in place of handlooms, use of tractors in place of hand implements in farms etc. are all the results of innovation. Innovation means changes, which bring about improvement in products, process of production and distribution of goods. Business units, through innovation, are able to reduce cost by adopting better methods of production and also increase their sales by attracting more customers because of improved products.

## 2. Social Objectives

Social objective are those objectives of business, which are desired to be achieved for the benefit of the society. Since business operates in a society by utilizing its scarce resources, the society expects something in return for its welfare. No activity of the business should be aimed at giving any kind of trouble to the society. Business activities lead to socially harmful effects, there is bound to be public reaction against the business sooner or later. Social objectives of business include production and supply of quality goods and services,



adoption of fair trade practices and contribution to the general welfare of society and provision of welfare amenities.

(i) Production and Supply of Quality Goods and Services:

Since the business utilizes the various resources of the society, the society expects to get quality goods and services from the business the objective of business should be to produce better quality goods and supply them at the right time and at a right price. It is not desirable on the part of the businessman to supply adulterated or inferior goods which cause injuries to the customers.

They should charge the price according to the quality of goods and services provided to the society. Again, the customers also expect timely supply of all their requirements. So it is important for every business to supply those goods and services on a regular basis.

(ii) Adoption of Fair Trade Practices:

In every society, activities such as hoarding, black-marketing and over-charging are considered undesirable. Besides, misleading advertisements often give a false impression about the quality of products. Such advertisements deceive the customers and the businessmen use them for the sake of making large profits.

(iii) Contribution to the General Welfare of the Society:

Business units should work for the general welfare and upliftment of the society. This is possible through running of schools and colleges, better education, opening of vocational training centres to train the people to earn their livelihood, establishing hospitals for medical facilities and providing recreational facilities for the general public like parks, sports complexes etc.

### 1. Human Objectives

Human objectives refer to the objectives aimed at the well-being as well as fulfilment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training. The human objectives of business may thus include economic well-being of the employees, social and psychological satisfaction of employees and development of human resources.

(i) Economic Well-being of the Employees:

In business employees must be provided with fair remuneration and incentive for performance, benefits of provident fund, pension and other amenities like medical facilities, housing facilities etc. By this they feel more satisfied at work and contribute more for the business.

(ii) Social and Psychological Satisfaction of Employees:

It is the duty of business units to provide social and psychological satisfaction to their employees. This is possible by making the job interesting and challenging, putting the right person in the right job and reducing the monotony of work. Opportunities for promotion and advancement in career should also be provided to the employees.

Further, grievances of employees should be given prompt attention and their suggestions should be considered seriously when decisions are made. If employees are happy and satisfied they can put their best efforts in work.

(iii) Development of Human Resources:

Employees as human beings always want to grow. Their growth requires proper training as well as development. Business can prosper if the people employed can improve their skills and develop their abilities and competencies in course of time. Thus, it is important that business should arrange training and development programmes for its employees.

### CONCLUSION

Living in a continuously changing world, the power is to those who better and faster know to adapt, to the entrepreneurs with a great flexibility and fast response reaction to the newest and most sophisticated needs and tastes. Rooting back in the '80s, there was given a framework for doing business, by the introduction of the Single Market which eased the movement with the Union and gave incentives for new business plans. Meeting these rules and regulations, enterprises are free to choose their strategy as they best consider will lead to success. To the roots of this phenomenon are based increasing rhythm of technological change, the scale of interconnections and interdependencies of its components

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