Exercise walk-through

Business objectives ▪ 1.4

eXercise

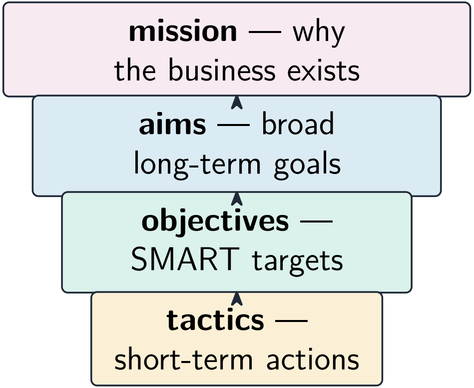
You must be able to

- explain the difference between aims, objectives, strategy and tactics
- state what makes an objective **SMART**
- analyse why objectives change and evaluate the role of profit versus CSR

Method — From mission to objectives

- **SMART** = **S**pecific, **M**easurable, **A**chievable, **R**ealistic, **T**ime-bound.
- **Types of objective:** profit maximisation, growth, survival, market share, social/ethical (CSR).
- Objectives **change** over time: a new firm aims to *survive*, later to *grow*, a large firm may focus on *profit* or *CSR*.

Answer shapes: Explain [3] = point + developed reason; **Analyse [8]** = two reasons, each a developed chain; **Evaluate [12]** = both sides + a



Practice 2.1 ▪ 2 marks

State what the letters **SMART** stand for.

Solution 2.1

Worked steps

Specific, Measurable, Achievable, Realistic, Time-bound (2 for all five; 1 for three or four).

Practice 2.2 ▪ 2 marks

Define the term *corporate social responsibility (CSR)*.

Solution 2.2

Worked steps

the idea that a business should act in the best interests of society and the environment, not only make profit (2 for a clear definition; 1 for a partial idea).

Practice 2.3 ▪ 2 marks

State the difference between an *aim* and an *objective*.

Solution 2.3

Worked steps

an aim is a broad, long-term goal; an objective is a specific, measurable target that helps reach the aim (2 for a clear difference; 1 for a partial idea).

Exam-style 3.1 ▪ 3 marks

Explain one benefit to a business of setting SMART objectives.

Solution 3.1

Method: From mission to objectives

Worked steps

[3] **AO1** 1 — name a benefit (clear targets; motivates staff; lets the firm measure progress). **AO2** up to 2 — develop it, e.g. a measurable, time-bound target lets managers check progress and act early if the firm falls behind (2 developed / 1 limited).

Exam-style 3.2 ▪ 8 marks

Analyse two reasons why a business's objectives might change over time.

Solution 3.2

Method: From mission to objectives

Worked steps

[8] For **each** of two reasons: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *firm grows older/larger*: survival is secure → it can now aim for growth or higher profit. *External change* (recession, new competitor): falling demand → the firm switches back to a survival objective to protect cash. Maximum 4 per reason, 8 total.

Exam-style 3.3 ▪ 12 marks

‘A business should always put profit before social responsibility.’ Evaluate this view.

Solution 3.3

Method: From mission to objectives

Worked steps

[12] **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **For** profit first: profit funds survival, investment and rewards owners; without it the firm closes. **Against**: CSR builds reputation, customer loyalty and staff motivation, and avoids fines or boycotts — which can raise long-run profit. Judgement: profit and CSR are not opposites; the right balance depends on the firm's size, market and stakeholders — a pure short-term profit focus can damage long-term success.