

10. B. **Certificate of Incorporation**
11. A. **States the main purpose of a company**
12. D. **The Board of Directors of a private limited company own the business**
13. A. **An advantage for shareholders is having limited liability**
14. A. **Public companies operate in the public sector**
15. D. **Are legally entitled to a share of company profits**
16. B. **Has unlimited liability for its debts**
17. D. **Have to publish certain financial information to all stakeholders**
18. A. **Joint stock company**
19. A. **Earn profits as a social enterprise**
20. A. **An organization owned by the state or government**
21. D. **Non-governmental organization**
22. B. **Cooperatives**
23. D. **Consultancy services**
24. D. **They are registered as incorporated businesses**
25. C. **Public transport firms**
26. A. **Empower entrepreneurs of small businesses**
27. C. **Spending on state education and health care**
28. D. **International Baccalaureate Organization (this is a NPO, but not a social enterprise)**
29. D. **Corporate tax refunds**
30. B. **The products being sold**

Unit 1.3

Organizational objectives

Task 1 - Complete the missing words...

The **aims** of a business are its long term goals which stem from an organization's **mission** statement. Hence, aims are a general statement of a firm's intentions, such as to expand into overseas markets. They tend to be **qualitative** rather than quantitative in nature.

A business tends to find it difficult to satisfy all its stakeholders simultaneously due to their own **conflicting** objectives. For example, shareholders are likely to demand that the business aims for **profit** maximisation whilst employees will strive to maximise their own **pay** and benefits (thereby potentially reducing the profits of the business).

Organizations are increasingly concerned with the possible impact of their actions on the environment and society. This is largely because of the increased public awareness and concern for the planet's natural environment. Adverse business activity could lead to unwanted publicity from pressure groups. Such negative exposure can damage the **reputation** of the business and reduce customer **loyalty**. Unethical business practises might also adversely affect the firm's suppliers, employees, creditors and investors. Ultimately, ignoring ethics and social **responsibilities** can seriously harm a firm's profitability. Hence, there are ever more driving forces pushing businesses to behave in a socially responsible way.

SWOT analysis is a planning and decision-making tool that can help managers to reduce the **risks** involved in making decisions. SWOT analysis involves exploring the current position of a product, department or the whole organization in terms of its **Strengths** and **Weaknesses** and to identify potential **Opportunities** and **Threats**. It is also common to find a SWOT analysis within a **business** plan.

Task 2 – Match the terms...

Read the definitions and match them with the correct business terms from the list below:

{table shown contains correct answers}

a.	Aims	iii.	The long-term goals of a business that provide direction for setting its objectives and targets.
b.	Mission statement	i.	This declaration sets out the vision of an organisation to provide a shared purpose and direction for all those involved in the firm.
c.	Objectives	vi.	These are the medium to long-term goals and targets of an organization, e.g. survival, diversification and growth.
d.	Social responsibility	ii.	This refers to the obligations that a business has towards its stakeholders and society as a whole.
e.	Strategy	iv.	The medium to long-term actions a business takes in order to achieve its aims and objectives (what needs to be done, the resources needed to do it, and the timeframe in which to accomplish it).
f.	Vision	v.	The (very) long term desire or aspiration of an organization.

Task 3 – Organizational Objectives Odd One Out

Select the odd one out from each of the options below:

			Strategic objectives	
				Acquisition
		To select		
		To become the world's market leader		

- 3a. Strategic objectives (others are short term objectives; they all mean the same thing!)
- 3b. Acquisition (which is a growth strategy; the others are business objectives)
- 3c. To select (others are functions of organizational objectives)
- 3d. To become the world's market leader (the only organizational aim; the others are objectives)

Task 4 – True or False?

	True / False
a.	T
b.	F
c.	F
d.	F
e.	F
f.	T
g.	F

h.	F
i.	F
j.	T
k.	T
l.	F

Task 5 – Explain...

- a) **Easier / cheaper option; It does not have an ethical code of practice; Quick opportunities for profit; Some unethical practices (e.g. offensive marketing or pester power) can be quite effective in boosting sales.**
- b) **Intended to improve the behaviour and corporate image of a business by taking into account the needs of the organization's stakeholders, e.g. by promoting products with integrity and honesty or by avoiding anti-competitive practices.**
- c) **Altruism / Feel good factor; Sets a good example to others; Improves corporate image; Tax benefits.**
- d) **The answer will depend on what country the student resides in; Students should check answers with their teacher(s)!**
- e) **This can boost employee morale by giving them a sense of belonging and responsibility; motivation, job satisfaction and staff retention are therefore likely to improve.**
- f) **W, S, T, O (with explanations)**

Task 6 – Mission, Vision or Objective?

Answers

Vision	Mission	Objective
6. Source of inspiration	2. Core values and beliefs	1. Can be changed easily
8. Strategic planning tool	4. Provides strategic direction for decision making	3. Motivational tool for employees
11. The ideal image of the organization in the future	5. Purpose of the organization	7. Specific rather than idealistic
12. What the company aspires to be	9. Rarely reviewed	10. Reviewed periodically

Task 7 – The Ansoff Matrix

- a. **True**
- b. **True**
- c. **Diversification**
- d. **Product development**
- e. **Product development**
- f. **Market penetration**

g. **Diversification**

h. **False?**

i.

		Markets	
Products		New	Existing
	New	Diversification	Product Development
	Existing	Market Development	Market Penetration

j. **A saturated market suggests that sales may experience a decline as a product reaches the end of its life cycle; there will be established market leaders in a saturated market and hence entry might be futile.**

k. **Diversification involves entering new markets with new products – both of which are unfamiliar to the organization as they lack experience and/or know-how.**

Task 8 – Multiple Choice

1. B. What a business wants to achieve
2. C. Mission statement
3. C. To maximise profitability
4. D. Vision statement
5. A. Have high labour turnover
6. C. Suggest how goals should be achieved
7. D. An obligation to provide shareholder dividends
8. A. Fringe benefits offered to all members of staff
9. D. Compliance costs are low
10. A. Statutory employment rights
11. A. Setting higher prices to raise profit margins
12. B. Realistic
13. B. A high staff turnover rate
14. C. High levels of staff motivation
15. A. Lower interest rates in the economy
16. B. Mergers and acquisitions
17. A. Market penetration
18. C. Product development
19. D. Market penetration
20. C. Product development