

Cambridge AS & A Level · Business 9609 · Notes

Business objectives AS

Read online at pastopic.com/cambridge/business-9609/notes/business-objectives

Last checked 5 October 2026

Read first: [Business structure](#)

© 2026 Pastopic. Free for personal study. Please share the link, not the file.

What you need to know

By the end of this topic you should be able to:

1. **Explain the objectives of different organisations:** private sector businesses, public sector organisations and social enterprises, and why they differ.
2. **Explain why objectives matter** to a business.
3. **Explain corporate social responsibility (CSR) and the triple bottom line:** economic (financial), social and environmental objectives.
4. **Explain how mission statement, aims, objectives, strategy and tactics fit together.**
5. **Describe the stages of business decision-making** and the part objectives play at each stage.
6. **Explain how and why objectives change over time.**
7. **Explain how objectives are turned into targets and budgets.**
8. **Explain why objectives must be communicated,** and the likely effect on the workforce.
9. **Explain SMART objectives:** specific, measurable, achievable, realistic, time-limited.
10. **Explain how ethics may influence business objectives and activities.**

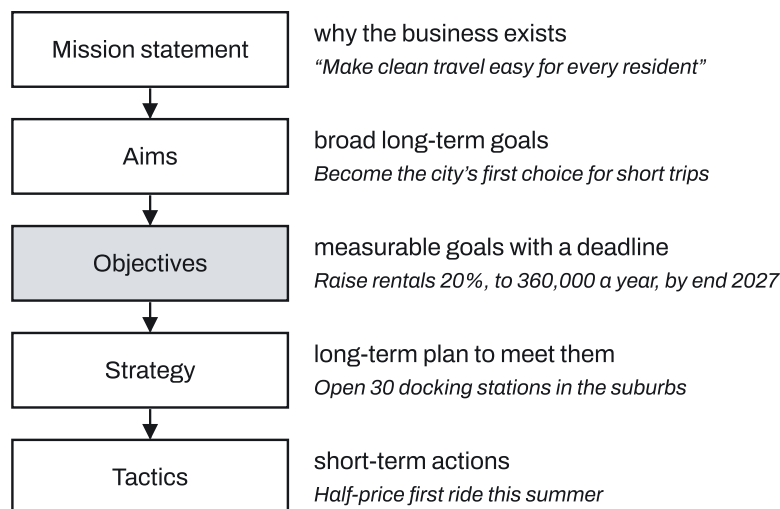
Legal structures (sole trader, plc, social enterprise as a type of business) and the public and private sectors themselves are in the earlier topic, business structure. Here you need only the objectives each one pursues.

Understand it

What an objective is

An **objective** is a goal a business sets out to achieve, usually by a stated date, which guides the decisions its managers make. "Increase our share of the city's taxi market from 12% to 15% by the end of 2027" is an objective. **Corporate objectives** are the objectives for the whole business, usually long term; each department (marketing, operations, finance, human resources) then gets its own objectives that help to meet them.

From mission statement to tactics



The five ideas run from the broadest and longest-lasting to the most detailed and short-term:

Term	What it is	How long it lasts
Mission statement	A short written statement of the business's purpose and values : why it exists and what it stands for. It is not measurable	Many years
Aims	Broad, long-term goals that follow from the mission, usually not in numbers	Several years
Objectives	Specific, measurable goals that show how the aims will be reached	One to five years
Strategy	The long-term plan of action and resources chosen to meet the objectives	Medium to long term
Tactics	Short-term actions that carry out the strategy (a price offer, an advert, a staff rota)	Weeks or months

Each level serves the one above: tactics carry out a strategy, a strategy is chosen to meet the objectives, objectives turn aims into numbers, and the aims put the mission into practice. A mission statement tells stakeholders what the business stands for: customers learn its values and staff get a sense of purpose. But it is often so broad that it changes little in practice, and some are little more than public relations.

Objectives in the private sector, public sector and social enterprises

Organisation	Typical objectives
Private sector business (owned by individuals or shareholders)	Survival (most new and struggling businesses); profit or profit maximisation (rewards owners for their risk); growth of sales or size; market share ; increasing shareholder value (share price and dividends, for plcs); CSR and other non-financial aims

Organisation	Typical objectives
Public sector organisation (owned and run by the government)	Providing a service to everyone who needs it, even where it does not pay; keeping prices low or the service free; quality targets (waiting times, reliability); meeting government targets such as cutting pollution; covering costs or staying within a budget rather than maximising profit
Social enterprise (trades to meet a social or environmental purpose)	Social and environmental objectives come first (jobs for disadvantaged people, recycling, fair prices to farmers), alongside making enough profit to survive. Profits are mainly reinvested in the business or the community, not paid to owners. Often judged by the triple bottom line

The difference comes from **who owns the organisation and what they want**: private owners want a return on their money, the government wants a service for its citizens, and a social enterprise's founders want to solve a social problem.

Why objectives matter

- **Direction and focus**: everyone knows what the business is trying to achieve, so decisions are aimed at the same goal rather than at each manager's own idea.
- **Coordination**: departments' objectives fit together, so marketing does not promise more than operations can make.
- **A basis for decisions**: managers judge each option by whether it helps meet the objective.
- **Measuring performance**: actual results are compared with the objective, so managers can see what is going wrong and act in time.
- **Motivation**: staff with clear targets know what is expected of them and can be rewarded for meeting them.

Corporate social responsibility and the triple bottom line

Corporate social responsibility (CSR) is the idea that a business should take account of the effects of its activities on **all its stakeholders, society and the environment**, and not only on its owners' profit, often going further than the law requires. Examples: paying suppliers fairly, cutting waste and emissions, supporting local projects, treating staff well.

The **triple bottom line** measures a business's performance in three ways, not just one:

Element	Also called	Example objective
Economic (financial)	Profit	Raise the profit margin to 9%
Social	People	Train 50 local young people a year
Environmental	Planet	Halve the waste sent to landfill by 2028

CSR objectives can **help** a business: a better reputation and brand image, more loyal customers (especially customers who care about ethics), easier recruitment and lower staff turnover, support from government and ethical investors, and fewer legal problems or pressure-group campaigns.

They can also **cost** it: extra costs (cleaner materials, fairer prices to suppliers) and lower profit, at least in the short term; **conflict between stakeholders**, for example owners who want a payout this year while the business pays more for recycled packaging; closer **public scrutiny**, because once a business promises to behave well, journalists and customers check whether it keeps that promise; and damage to trust if the promises turn out to be bigger than the actions. A CSR objective does **not** mean the business has no profit objective: most socially responsible businesses aim for profit too.

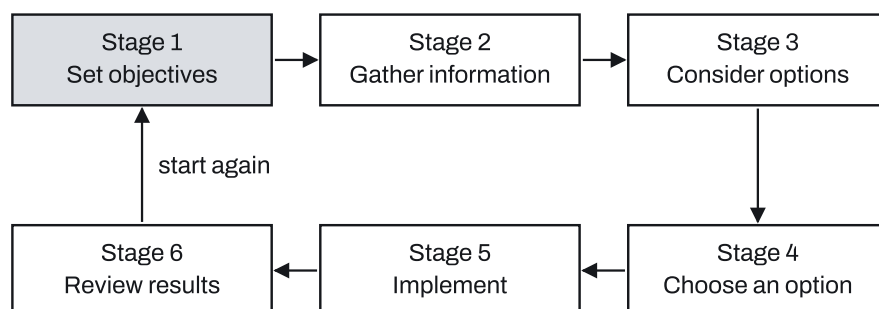
SMART objectives

An objective is more useful if it is **SMART**:

Letter	Meaning	Why it helps
Specific	Says exactly what is to be achieved (sales of which product? in which market?)	Gives a clear focus, so effort is not wasted
Measurable	Has a number: a percentage, a quantity, an amount of money	Progress can be checked and action taken if it falls behind
Achievable	Can be reached with the resources the business has (some versions say Agreed : accepted by the people who must meet it)	Staff commit to it rather than resent it
Realistic	Sensible given the market and the business's position	An unrealistic target demotivates staff, who stop trying
Time-limited	Has a deadline	Staff know how long they have; results can be judged on a date

"Grow our sales" is not SMART. "Increase revenue from our online shop by 15%, from 80,000 dollars to 92,000 dollars, by 31 December 2027" is.

Objectives and decision-making



Business decisions follow a series of stages, and objectives are used at **every** stage:

1. **Set objectives**: decide what the business wants to achieve. Every later stage refers back to this.
2. **Gather information** about the situation: market research, costs, what competitors do. The objective tells managers which information is relevant.

3. **Consider the options:** list the possible courses of action.
4. **Choose an option:** judge each option against the objective (which one is most likely to meet it, at what cost and risk?).
5. **Implement** the decision: plan it, give people tasks, targets and budgets that come from the objective.
6. **Review the results:** compare what happened with the objective. If it was met, set a new one; if not, find out why and change the plan or the objective. Then the cycle starts again.

Without a clear objective, managers cannot tell which information matters, which option is best, or whether the decision worked.

Turning objectives into targets and budgets

An objective for the whole business is broken down into **targets** for each department, team or person, and **budgets**: plans for how much each part may spend (or must earn) to meet its targets.

For the bike-hire company in the diagram, the objective is 360,000 rentals a year by the end of 2027, up from 300,000 (a rise of 20%). Its 100 docking stations each give $\frac{300,000}{100} = 3,000$ rentals a year. Managers expect each of the 30 new suburban stations to give 2,000 rentals a year, so $30 \times 2,000 = 60,000$ extra rentals, which meets the objective. Then:

- **Operations** gets the target "open 30 stations by June 2027" and a capital budget of $30 \times 8,000 = 240,000$ dollars, if each station costs 8,000 dollars.
- **Marketing** gets a target of 2,000 rentals a year at each new station and a budget for the summer offer.
- Each **station manager** gets a monthly rental target.

Comparing actual results with these targets and budgets each month shows early whether the objective will be met.

Communicating objectives to the workforce

Objectives only work if the people who must meet them **know and understand** them. Communication can be through meetings, team briefings, the intranet, appraisals and individual targets.

Likely effects on the workforce of **good** communication:

- Staff **know what to do and why**, so they work towards the same aim and waste less effort.
- They feel **involved and valued**, especially if they helped to set or agree the objectives, so **motivation** and commitment rise.
- Departments **work together** better (teamwork), because they share one aim.
- Staff can be **appraised and rewarded** (bonus, promotion) for meeting their targets.

If objectives are not communicated, staff cannot work towards them, may pull in different directions, and may resent targets forced on them, so motivation falls and labour turnover rises. Good communication costs **time and money**, and matters most when the business is **large or growing** (more staff, more sites, new staff who do not know its aims) or when the objectives have **just changed**.

Why objectives change over time

Objectives are reviewed and changed when the business or its environment changes.

- **The previous objective has been met:** a new business that has survived and broken even moves on to profit or growth.
- **The business grows:** a growing business may move from survival to profit, market share or, as a plc, shareholder value; new owners or a new chief executive bring new priorities.
- **The business struggles:** falling sales or losses push it back to survival (cutting costs, cutting prices).
- **The market changes:** demand rises or falls, customer tastes change, new technology arrives, or **competitors** enter or cut prices.
- **The owners' aims or the mission change:** a founder who wants to step back, or a decision to make a different product.
- **The external environment changes:** a recession, new laws (for example on emissions), or changing social attitudes such as concern for the environment.

A change of objective affects stakeholders: if a plc switches from profit to growth, or to CSR, shareholders may get lower dividends in the short term (profits are reinvested or spent on CSR) but a higher share price later if the strategy works; some may sell their shares.

Ethics

Ethics are the moral principles that guide behaviour: what is right or wrong, beyond what the law requires. **Ethical decisions** are made with these principles in mind, even when a cheaper or more profitable option exists.

Ethics can influence a business's **objectives** (adding a CSR or environmental objective, refusing to trade with some suppliers) and its **activities** in every department:

- **Marketing:** honest advertising, not targeting children, fair pricing.
- **Human resources:** safe working conditions, fair pay, no discrimination.
- **Operations:** suppliers that do not use child labour or unsafe practices; cutting pollution.
- **Finance:** paying suppliers on time; refusing bribes.

Advantages of ethical decisions: a better reputation and brand image (a USP), more loyal customers and more ethically minded customers, easier recruitment and lower staff turnover, appeal to ethical investors and government contracts, fewer legal risks and pressure-group campaigns, and long-term survival.

Disadvantages: higher costs (fair wages, safer materials, certified suppliers), so lower profit or higher prices; conflict with shareholders who want profit; and, if competitors do not act ethically, a price disadvantage. Whether ethics should "always" or "significantly" influence a business depends on the **industry** (ethics matter most where the risk of harm is high: dangerous work, products for children, finance), how much its **customers care**, its **finance**, and the **law** in its country.

Key facts and formulas

There is no formula list for this subject in the exam. "Learn it" means you must remember it.

Formula or fact	Status
Percentage change = $\frac{\text{new} - \text{old}}{\text{old}} \times 100$	Learn it
Profit margin = $\frac{\text{profit}}{\text{revenue}} \times 100$	Learn it
Mission statement → aims → objectives → strategy → tactics (broadest to most detailed)	Learn it
SMART: specific, measurable, achievable, realistic, time-limited	Learn it
Triple bottom line: economic (profit), social (people), environmental (planet)	Learn it
Decision-making: set objectives → gather information → consider options → choose → implement → review	Learn it
Private sector: survival, profit, growth, market share, shareholder value; public sector: service, low prices, quality, government targets; social enterprise: social and environmental aims first	Learn it

How to do it

We have tagged 26 questions on this topic (2021–2025), across Papers 1 and 2. Four of them have parts of more than one type, so the counts add up to 30.

Question type	Questions
Define or explain a key term	9
Analyse or evaluate how ethics influences business decisions and activities	5
Explain or analyse why objectives change over time, and the effect of a change	5
Explain, analyse or evaluate CSR or the triple bottom line as an objective	4
Evaluate whether a specific objective is suitable or the most important	3
Explain or analyse the importance of having (SMART) objectives	2
Analyse or discuss communicating objectives to the workforce	2

The marks are for four skills: **K** (knowledge: a correct point or definition), **App** (application: using the business in the question or a real example), **An** (analysis: a chain of consequences) and **Eval** (evaluation: a supported judgement). Below, (K), (App), (An) and (Eval) after a sentence show the mark it earns.

1. Define or explain a key term (9 questions)

"Define the term ..." [2] (Paper 1 (a), Paper 2 (a)(i)): 2 marks for a full definition with **two elements**, 1 for a vague one. Never use the words of the term to define it ("a mission statement is a statement of the mission" earns nothing).

Term	Full definition (2)	Partial (1)
Objective / corporate objective	A goal the business (as a whole) sets out to achieve, usually long term and measurable, which gives direction to its decisions	"What a business wants"
Mission statement	A written statement (1) of the purpose and values of the business (1)	"What a business stands for"
CSR	A business taking account of the impact of its activities (1) on all stakeholders, society and the environment , beyond profit and often beyond the law (1)	"Being responsible to society"
Triple bottom line	Judging performance on all three of economic (profit), social (people) and environmental (planet) objectives	One or two of the three; "not just profit"
Ethics	Moral principles (1) that guide decisions about what is right, beyond what the law requires (1)	"Doing the right thing"

"Explain the term ..." [3] (Paper 2 (a)(ii)): what it is (K), then two more steps: what it contains or how it is used, and an example or a use in context. Mission statement: a statement of purpose (1); sets out its aims and values (1); so it tells customers what the business stands for and gives staff a sense of purpose (1). The third mark needs the first two.

2. Analyse or evaluate how ethics influences business decisions and activities (5 questions)

"Evaluate the view that ethics should always (or significantly) influence the [department] activities of a [type of business]" [12] (Paper 1 Section B). Marks: **2 K, 2 App, 2 An, 6 Eval**.

- K**: define ethics (moral principles beyond the law) and the activities named (marketing, human resources).
- App**: use the **industry named** throughout. What ethical issues does *that* industry face? Dangerous work (safety, training), products for children (safety, honest advertising), finance (honest selling), clothing (suppliers' working conditions).
- An**: a chain **for** (ethical behaviour → reputation and loyal customers → higher sales and long-term survival; safer work → fewer accidents → lower staff turnover and legal costs) and **against** (higher costs → lower profit or higher prices → lost customers to cheaper rivals; conflict with shareholders' profit objective).
- Eval**: answer the "always" or "significantly" directly and say **what it depends on**: how serious the possible harm is in that industry, whether customers will pay more, the law, competitors' behaviour, the business's finances. Examiners reward judgements tied to the industry, not to "all businesses".

Variations you will meet:

- **"Analyse two advantages to a business of making ethical decisions" [8]:** for each, 1 K (reputation, customer loyalty, staff morale, fewer legal risks, ethical investors, government contracts) + 1 App (an ethical action: paying a fair wage, using certified suppliers, cutting pollution, refusing bribes) + 2 An (a two-step chain to sales, costs or profit).
- **"Explain two ways ethics might affect the activities of a business" [3]:** two ways, each with a short reason: "it may refuse cheaper suppliers that use child labour, raising its costs".

3. Explain or analyse why objectives change over time, and the effect of a change (5 questions)

"Explain one reason why [business]'s objectives may change" [3] (Paper 2 (b)(ii)): one reason (K) + two uses of the case (App, App). Pick the reason the case points to: a met objective, a fall in sales, a new competitor, new owners, a planned move or expansion.

"Analyse two reasons why [business] will have to change its objectives" [8]: each reason with K, App and a two-step chain: "it plans to drop its main product (App), so its current sales objective no longer fits (An), so it needs a new objective for the new product's market share, or managers will have no target to judge it by (An)."

"Evaluate the most likely reason for [business]'s objectives to change over the next few years" [12]:

1. **K:** one or two reasons objectives change (objective met, growth, decline, market change, competitors, change of mission, external change).
2. **App:** facts from the case (its current objective, its age, its owner's plans, its market).
3. **An:** develop at least two reasons into what the new objective would be and why ("once it breaks even, the owner will want a return for her risk, so the objective moves to profit").
4. **Eval:** pick **the most likely** one and say why for *this* business; say what it depends on (the owner's plans, how fast the market grows, competitors), and how far ahead anyone can predict.

Variation: "Analyse two reasons why changing a business's objectives might affect its shareholders" [8] (Paper 1): name the change (profit → growth, profit → CSR, survival → growth) and chain each to dividends, the share price, or their voting control.

4. Explain, analyse or evaluate CSR or the triple bottom line as an objective (4 questions)

"Explain one (or two) disadvantages to a business of having CSR as an objective" [3] (Paper 1): one disadvantage (K): extra costs, lower profit, stakeholder conflict, public scrutiny, distraction from its commercial role, rivals who undercut it. Develop it twice: "it may have to buy certified materials (K), which cost more than ordinary ones (App), so its profit falls unless customers accept higher prices (App)." For "two disadvantages" [3], give two points, at least one developed.

Variations you will meet:

- **"Analyse why two elements of the triple bottom line are important to [business]" [8]** (Paper 2): choose **two** of economic, social and environmental (not all three) and chain each to the case.
- **"Evaluate the benefits of CSR to [business]" [11 or 12]** (Paper 2): benefits (reputation, loyalty, staff, investors) against costs and conflict; judge for this business and its customers.

5. Evaluate whether a specific objective is suitable or the most important (3 questions)

"Evaluate whether [growth] is a suitable objective for [business]", "... whether [a planned change] will enable [business] to achieve its objectives" or "The most important objective of a [public sector organisation] is ...' Evaluate this view" [12]:

1. **K**: what the objective means, and the usual objectives of that type of organisation (private, public, social enterprise).
2. **App**: the case's facts and numbers: its capacity, demand, finance, competitors, its profit margins or market share.
3. **An**: a chain **for** the objective (what it would bring) and **against** (what stops it, or what it costs: capacity limits, risk, other objectives it conflicts with). For a public sector organisation, weigh **service to all and low prices** against environmental targets and limited government funding.
4. **Eval**: judge for this organisation; say what it depends on, and whether another objective matters more now. For "will it achieve its objectives", take **each objective in turn**, using the numbers.

6. Explain or analyse the importance of having (SMART) objectives (2 questions)

"Explain one importance to a business of having objectives" [3] (Paper 1): one point (K): direction, focus for decisions, coordination, measuring performance, motivation. Develop it twice: "objectives give the business a direction (K), so every department can plan towards the same goal (App), and managers can check progress against the objective and act early if it falls behind (App)."

"Analyse two reasons why a business should set SMART objectives" [8] (Paper 1): take **two letters** and use each as a reason: specific → clear focus; measurable → progress can be monitored; achievable or agreed → commitment; realistic → staff stay motivated; time-limited → a deadline. For each: K + App (a departmental example such as "cut costs by 20% in three years") + a two-step chain.

7. Analyse or discuss communicating objectives to the workforce (2 questions)

"Analyse one impact on the workforce of effective communication of business objectives" [5] (Paper 1): identify one impact (K: staff know what to do and why, feel involved, are motivated, work as a team), apply it twice (App: they know their own targets, their role in the objective), and develop two analysis steps (An: everyone works towards the same aim, so the objective is more likely to be met; staff can be rewarded for meeting it).

"Discuss the importance to an expanding business of effectively communicating objectives" [12]: the effects above, plus why expansion makes it harder (more staff, new sites, new markets, new staff); against: it takes time and money, and in a small business staff may already know. Judge what it depends on (the size and

speed of expansion, how much the objectives are changing).

Worked examples

Example 1

(a) Define the term SMART objective. [2]

(b) Explain the role of objectives in one stage of business decision-making. [3]

(a) A goal that a business sets (1) which is specific, measurable, achievable, realistic and time-limited (1).

(b) At the review stage, managers compare actual results with the objective (K). For example, if a hotel set an objective of 80% room occupancy by the end of the year and reached only 70% (App), managers know the decision has not worked, so they can find out why and change the plan, such as cutting prices in quiet months, before more revenue is lost (App).

Example 2

Greenway Laundry (GL) is a private limited company that washes bed sheets and towels for hotels. It washes 2 million kg of laundry a year and uses 40,000 cubic metres of water, which costs 2.50 dollars per cubic metre. GL's directors have set a new objective: **to cut the water used per kg of laundry by 30% by the end of 2028**, over three years, without reducing output. New low-water washing machines would cost 90,000 dollars.

Analyse two ways GL could turn its new objective into targets and budgets. [8]

Way 1: yearly targets for water used per kg. The objective can be broken into smaller targets for each year (K). GL now uses $\frac{40,000 \times 1,000}{2,000,000} = 20$ litres per kg, so a 30% cut means $20 \times 0.7 = 14$ litres per kg; equal yearly cuts of 2 litres give targets of 18, 16 and 14 litres per kg (App). Each shift manager can then be given the target for their machines (An), so a shortfall shows up within a month rather than at the end of 2028, and managers can act in time, so GL is more likely to meet the objective (An).

Way 2: a smaller water budget and a capital budget. The objective can also be turned into budgets for spending (K). At 14 litres per kg, GL would use $2,000,000 \times 14 \div 1,000 = 28,000$ cubic metres, so the water budget falls from 100,000 dollars to $28,000 \times 2.50 = 70,000$ dollars, a saving of 30,000 dollars a year; the operations department also needs a capital budget of 90,000 dollars for the new machines (App). The operations manager then knows exactly how much may be spent on water each month (An), so overspending is spotted when budgets are compared with actual costs, and the 30,000 dollars saved each year pays back the machines in $\frac{90,000}{30,000} = 3$ years, which helps the directors justify the spending (An).

Each way earns K + App + 2 An, so 4 + 4 = 8.

Example 3

Kestrel Toys (KT) is a private limited company that makes painted wooden toys for young children. Its revenue last year was 5.0 million dollars and its profit was 0.4 million dollars. The directors' objective is **to raise the profit margin to 10% within two years**.

KT buys its paint from a local supplier for 300,000 dollars a year. The paint is certified safe for children's toys and the supplier pays its workers fairly. An overseas supplier offers similar paint for 180,000 dollars a year, but its paint has not been tested to KT's safety standard and a newspaper has reported that its workers are forced to work unpaid overtime. A national toy-shop chain, which buys 35% of KT's toys by value, checks that all its suppliers buy from ethical sources.

Evaluate whether KT should change to the overseas paint supplier. [12]

Knowledge. Ethics are moral principles that guide decisions about what is right, beyond what the law requires (K). KT's objective is a financial one: a profit margin of 10% (K).

For the change. KT's current profit margin is $\frac{0.4}{5.0} \times 100 = 8\%$. Switching saves $300,000 - 180,000 = 120,000$ dollars a year, so profit would rise to 0.52 million dollars and the margin to $\frac{0.52}{5.0} \times 100 = 10.4\%$ (App). So the switch alone would meet the directors' objective, a year early, and the extra profit could be reinvested in new designs (An).

Against the change. The toy-shop chain buys $0.35 \times 5.0 = 1.75$ million dollars of KT's toys a year (App). If its checks find the supplier's treatment of workers, KT could lose this customer, so it would lose far more revenue than the 120,000 dollars it saves, and its profit margin would fall rather than rise (An). Worse, untested paint on toys for young children could harm a child; one product recall could cost more than several years of savings and destroy KT's reputation with parents (An).

Judgement. The switch meets the profit objective on paper, but only if nothing goes wrong (Eval). In this industry the possible harm is serious: the customers are young children and the buyers are parents and large retailers who check ethics, so the ethical risk is also a large commercial risk (Eval). The decision depends on whether the overseas paint can be tested and the supplier's working conditions checked independently; if both passed, the case against it would be much weaker (Eval). On balance KT should not switch now: it risks 1.75 million dollars of sales to save 120,000 dollars (Eval). It could reach a 10% margin in safer ways, such as buying its local paint in larger amounts for a discount, cutting waste, or using its safe, ethical paint as a selling point to charge a slightly higher price (Eval).

The marks: 2 K, 2 App, 2 An (a developed chain each way), and 6 Eval for a supported judgement in the context of a children's toy maker, with what it depends on and other ways to meet the objective.

Common mistakes

- **Defining a term with its own words.** "CSR is being socially responsible" or "a mission statement states the mission" earns nothing; examiners report this every year. Use different words: purpose, values, stakeholders, environment.

- **Thinking CSR rules out profit.** Examiners point out that a socially responsible business usually has a profit objective too. Say CSR may *reduce* profit in the short term, not that it *replaces* it.
- **Mixing up the levels.** A mission statement has no numbers; an objective must have them; a strategy is a plan, not a goal. Mixing them loses the knowledge marks.
- **Generic reasons for objectives changing.** Examiners report answers that give a reason that fits any business. Start from the case: which change is most likely *here* (a met objective, falling sales, a new product, new owners)?
- **Writing about stakeholders when asked about shareholders.** In "how changing objectives affects shareholders", stick to dividends, share price and control.
- **Ethics essays that ignore ethics or the industry.** Examiners report "ethics in HRM" answers that became general HRM essays, and judgements about "all businesses" rather than the mining or clothing business in the question. Name the moral issues in that industry and judge for it.
- **All three triple bottom line elements when two are asked.** It wastes time; develop two well.
- **Only one SMART letter, or listing all five.** For "two reasons to set SMART objectives", pick two letters and analyse each fully.
- **Judging in an analyse question.** "Analyse" questions give no evaluation marks.
- **Stopping at one step** in a [3] "explain" question: the third mark needs a second linked step.

How to get the marks

- **Command words.** *Identify*: name it, one answer. *Define*: the exact meaning with its two key elements. *Explain*: a point, then why or how, in context. *Analyse*: points developed into chains of cause and effect, no judgement. *Evaluate* or *Discuss*: both sides, then a supported judgement.
- **Paper 1 [3] "explain one..."**: 1 K for the point, then 2 marks for developing it (what happens because of it, in context).
- **[5] "analyse one..."**: 1 K, 2 App (use a specific situation or department), 2 An (a two-step chain to the business meeting its objective).
- **[8] "analyse two..."**: exactly two points, each with K, App and a chain of at least two links ending in an effect on the business (sales, costs, profit, motivation, meeting the objective).
- **[12] evaluate**: 2 K, 2 App, 2 An, 6 Eval. The top evaluation marks need a judgement **in context**: say which side wins for this business or industry, why, and what it depends on. A judgement that would fit any business stays below the top band.
- **Use the case's numbers** (sales falls, margins, market shares): calculate with them to show whether an objective is met. Show the working.
- **Pick the reason the case signposts** in Paper 2: examiners say starting from the case's most likely factor gives answers that are correct, applied and analysed.

Quick check

1. Put these in order, broadest first: tactics, mission statement, objectives, aims, strategy.

2. A café owner says, "We want to sell more." Rewrite this as a SMART objective, given that the café's revenue is 200,000 dollars a year and she hopes to raise it by 15% by the end of next year.
3. A bus company uses 500,000 litres of fuel a year at 1.60 dollars a litre. Its objective is to cut fuel use by 20% in four years, in equal yearly steps. Calculate (a) its target fuel use in year 4, (b) the cut each year and (c) its fuel budget for year 1, if the fuel price stays the same.
4. Name the triple bottom line element that each objective serves: (a) fit solar panels to every shop roof; (b) raise the return to shareholders by 2%; (c) pay for 40 apprenticeships for local school leavers.
5. Explain one way the objectives of a public sector hospital may differ from those of a private hospital. **[3]**

Answers

1. Mission statement, aims, objectives, strategy, tactics.
2. For example: "Increase the café's revenue by 15%, from 200,000 dollars to 230,000 dollars a year, by 31 December next year." It is specific (revenue), measurable (15%, 230,000 dollars), time-limited (the date), and a 15% rise is realistic and achievable for a café that already trades well.
3. (a) $500,000 \times 0.8 = 400,000$ litres. (b) $\frac{500,000 - 400,000}{4} = 25,000$ litres a year. (c) Year 1 use = 475,000 litres, so the budget is $475,000 \times 1.60 = 760,000$ dollars.
4. (a) environmental; (b) economic (financial); (c) social.
5. A public sector hospital aims to treat everyone who needs care, free or at a low price, rather than to make a profit (K). It is paid for by the government, so its objectives are targets such as shorter waiting times (App), while a private hospital owned by shareholders aims for profit, so it may offer only the treatments that pay and charge prices that some patients cannot afford (App).

Past questions to try

- **9609/11/M/J/23 Q6**: two reasons to set SMART objectives, then ethics in human resource management in a mining business.
- **9609/11/M/J/24 Q4**: one impact on the workforce of communicating objectives.
- **9609/12/F/M/23 Q6**: part (a), how changing objectives affects shareholders.
- **9609/12/F/M/24 Q6**: part (b), whether the environment is a public sector energy supplier's most important objective.