

AN IMPACT OF SOCIO- CULTURAL ENVIRONMENT ON BUSINESS

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ABSTRACT

The culture has its own ways of expression, reflects in its communication and interaction. Culture is an outcome of social interaction among people over a period of time , provides socially acceptable pattern for meeting biological & social needs . A set of beliefs, customs, practices and behavior that exists. The factors include in social cultural environment, attitude of people to work, family and caste system, religion, education, etc. Companies often include an examination of the socio-cultural environment prior to entering their target markets and achieve the goals with following ethics in business .The cultural diversity, cultural harmonization between countries. It is for the establishment of a loyal relation and smooth cooperation .The globalization bring changes and argued that the consequences of globalization will be the end of cultural diversity. The business environment approach is business as economic activities for production, purchase or sales of goods. It consists of suppliers, customers, market- intermediaries, competitors and public. Environment. Includes man, material, money, machinery and management, usually within the control of business. Business makes changes in these factors due to the change in the functioning of enterprise. The focus of this article is on to study the socio cultural environment in India in the context of social responsibility, social audit, business and society, business ethics.

Key- Words: *Business Environment, Culture, Globalization Socio-Cultural Environment.*

INTRODUCTION

Competition with other firms - business with whether small or large companies focus on business of potential consumers and structural characteristics beneficial to consumers. The competitive industry is the presence of many different sellers of a particular good or service and many potential buyers. The ability of firms to leave or enter a certain industry and serve to limit competition. The environmental analysis contribute in development of strategies and long-term policies of the firm , action plans to deal with technological advancements , to foresee the impact of socio-economic and socio-cultural changes . An impact of changing socio -cultural environment is on business motive profit , growth and survival of company , brand development .

CULTURE AND SOCIO –CULTURAL ENVIRONMENT

Culture

Culture is a holistic concept, outcome of social interaction among people over a period of time , cumulative , a basic determinant of human personality, provides socially acceptable pattern for meeting biological & social needs and independent of any individual or group. A set of beliefs, customs, practices and behavior that exists within the population.

Socio-Cultural Environment

Culture is of two types – material & non-material which influence by social and cultural factors, not within the control of business. It is known as Socio-Cultural Environment. The factors include in social cultural environment: attitude of people to work, family and caste system, religion, education, marriage etc. Culture is not innate. International companies often include an examination of the socio-cultural environment prior to entering their target markets and achieve the goals with following ethics in business.

Culture and Globalization

Technology has effect on a global culture. The Internet, Fax Machines, Satellites, and Cable TV are readily available throughout the world at the click of the mouse. Global entertainment companies shape the perceptions and dreams of common man , spread of values , norms, and culture tends to promote Western ideals of capitalism . Globalization is a process of interaction and integration among individuals, businesses, and Governments. It is a process driven by international trade and investment and aided by modern technology and has effects on the environment, on culture, on political systems, on economic development and on human physical well-being in societies around the world. The spread of globalization bring changes to all countries. It is argued that one of the consequences of globalization will be the end of cultural diversity, and the triumph of a uni-polar culture serving the needs of transnational corporations.

BUSINESS AND BUSINESS ENVIRONMENT

Business

The persons who supply raw material and required components to the company, must be reliable and business environment must have multiple suppliers i.e. they should not depend upon only one supplier. Customers are regarded as the king of the market. Success of every business depends upon the level of their customer’s satisfaction. The customers are Wholesalers, Retailers, Industries, Government and

Other Institutions , Foreigners Market Intermediaries etc.. Every move of the competitors affects the business. Business has to adjust itself according to the strategies of the Competitors . Any group who has actual interest in business enterprise is termed as public e.g. media and local public. They may be the users or non-users of the product. Macro/General Environment , includes factors that create opportunities and threats to business units . The elements of Macro Environment-- Economic Environment is very complex and dynamic in nature that keeps on changing with the change in policies or political situations . It has three elements , Economic Conditions of Pubic , Economic Policies of the country, Economic System . Other Economic Factors --Infrastructural Facilities , Banking , Insurance companies , money markets , capital markets etc. Non-Economic Environment include Political Environment- affects different business units extensively and components , Political Belief of Government , Political Strength of the Country, Relation with other countries , Defense and Military Policies , Centre State Relationship in the Country, thinking opposition parties towards business unit .

Business Environment

The business environment is business and environment- business in its economic sense means economic activities like production , purchase or sales of goods that are performed for earning profits . It consists of suppliers --, customers, market Intermediaries, competitors and public . Environment -internal & external includes five Ms i.e. man, material , money , machinery and management , usually within the control of business. Business make changes in these factors due to the change in the functioning of enterprise. The factors Government and Legal , Geo --Physical , Political , Socio-Cultural , Demo-Graphical , which are beyond the control of business enterprise , included in external environment . It is of two types- Micro/Operating Environment, the environment which is close to business and affects its capacity to work is known as Micro or Operating Environment . Macro/General Environment ,that is ,

- **International Environment** : important for industries directly depending on import or exports and the factors that affect the business are : Globalization, Liberalization, Foreign business policies , Cultural exchange .
- **Demographic Environment** : perspective of population i.e. its size , standard of living , growth rate, age-sex composition , family size , income level (upper level , middle level and lower level) , education level etc.
- **Natural Environment** : includes natural resources , weather , climatic conditions, port facilities, topographical factors such as soil, sea, rivers, rainfall etc.
- **Technological Environment**: have scientific knowledge to practical world , changes in products, services, lifestyles and living conditions.

COMPETITIVE INDUSTRY AND KEY ASPECTS

Competitive Industry

Competition with other firms is a key aspect of running a business of any size , from a brand new venture to a large corporation . In competitive markets, companies have to fight over the business of potential consumers , ideal competitive environment that exhibits certain key structural characteristics beneficial to consumers . The competitive industry is the presence of many different sellers of a particular good or service and many potential buyers. For example , the market for pizza restaurants in a certain large city might be highly competitive, since anyone can choose to open a new pizza shop , and existing owners can close their doors whenever they please . High costs , Government regulations and other factors restrict the ability of firms to leave or enter a certain industry and serve to limit competition . In a competitive industry, firms must offer products that are similar enough to one another to be considered interchangeable. For instance , a company that sells baseballs might not be in direct competition with a company that sells softballs, even though the balls are somewhat similar, because a baseball is not a substitute for a softball .The totality of economic factors, such as employment, income, inflation, interest rates, productivity, and wealth that influence the buying behavior of consumers and institutions.The benefits of environmental analysis are development of broad strategies and long-term policies of the firm , development of action plans to deal with technological advancements , to foresee the impact of socio-economic changes at the national and international levels .

a. Business and Society

The corporate sector has found itself for environmentally problematic activities . Small and medium-sized enterprises are also under increasing pressure to adopt environment friendly practices . Companies play an important role in society, impacting on communities and regions as well as individual employees. The concept of corporate social responsibility recognizes that businesses often voluntarily integrate social and environmental concerns into their business models.Issues of corporate governance come into play particularly in cases of company restructuring . The Foundation monitors developments through its European Restructuring Monitor . Through their business operations, companies have an important impact on the natural environment .

b. Social Responsibilities of Business

Social responsibility is an ethical ideology or an entity. An organization or individual has an obligation to act to benefit the society. This responsibility can be passive , by avoiding engaging in socially harmful acts , or active by performing activities that directly advance social goals. A formal review of a

company's endeavor is in social responsibility . In the era of corporate social responsibility , where corporations are often expected not just to deliver value to consumers and shareholders but also to meet environmental and social standards desirable by some members of the public .

c. Social Audit

Social audits are optional--companies can choose whether to perform them and whether to release the results publicly or only use them internally. A social audit looks at factors such as a company's record of charitable giving , volunteer activity , energy use , transparency , work environment and worker pay and benefits to evaluate what kind of social and environmental impact a company is having in the locations where it operates . Social audits can help companies create , improve and maintain a positive public relations image.

d .Business Ethics:

The study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities, Business ethics are often guided by law, while other times provide a basic framework that businesses may choose to follow in order to gain public acceptance. Business ethics are implemented in order to ensure that a certain required level of trust exists between consumers and various forms of market participants with businesses. For example, a portfolio manager must give the same consideration to the portfolios of family members and small individual investors. Such practices ensure that the public is treated fairly.

e. Corporate Governance:

Corporate governance refers to the system by which corporations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment . Governance is a mechanism for monitoring the actions, policies and decisions of corporations . Governance involves the alignment of interests among the stakeholders .The basic motive to maximize long term share holders value. The main issues transparency key pillars of corporate governance due to accuracy ,adequate and timely disclosure, accountability creating shareholders value, independent decision makig through business prudence ,reporting –adequate, accurate and frequent report to shareholders , management to develop the business..

IMPACT OF CULTURE ON BUSINESS:

Every culture has its own ways of expression, which reflects in its communication and interaction practices. Good attentions may lead to misinterpretations in other cultures, if their perception does not involve common understanding of related criteria and values . As , Europe is reach on cultural diversity, cultural harmonization between countries , interaction is very important in order to ensure good understanding . It is the key for the establishment of a loyal relation and smooth cooperation .The project for Harmonization of Culture and Arts in Turkey and Austria . Both countries are rich on culture and traditions and they carry enormous potential for mutual benefits across collaborations on intellectual and business level . A company's strategy's to realize ethical and socially responsible behaviour across the organization as a corporate code of conduct. External codes provide recommendations and rules within society in order to enhance corporate responsibility A firm set global policies that must be complied with , whenever the company operates ,communicate the code to all employees within the organization and to all suppliers, subcontractors, customers, ensure that its policies are carried out in all instances and report result to its stakeholders in creating its own code of corporate ethics. The codes of conduct address areas as employment practices , human rights , standards of ethical conduct and care of the environment .The problem in managing multicultural teams effectively is to recognise underlying cultural causes of conflict and to intervene in ways that not only get the teams back to achieve sucess but empower their members to deal with future challenges effectively. Strategies like adaptation structural and managerial intervention to solve the problem .

CONCLUSION

The globalization bring changes for cultural diversity . The business as economic activities for production , purchase or sales of goods create business environment with ethical practices in business. The suppliers, customers, market intermediaries, competitors and public develop the environment with man , material , money , machinery and management and control the business. Business make changes with changes in the functioning of enterprise. The impact of socio cultural environment in India in the context of social responsibility, social audit , business and society,business ethics shows the culture its own ways of expression , reflects in communication and interaction practices . The outcome of social interaction among people provides socially acceptable pattern . A set of beliefs , customs , practices and behavior that exists with the social cultural environment , attitude of people to work , family and caste system , religion , education, marriage etc.effect companies in an examination of the socio-cultural environment with folowing ethics in business.The cultural diversity, cultural harmonization between countries for a loyal relation and smooth cooperation .

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