

BUSINESS ENVIRONMENT

UNIT - V

Social and Cultural Environment - Impact of Culture on Business - People's Attitude to Business and Work - Business and Society - Social Responsibility of Business - CSR.

Social and Cultural Environment :

Sociological and cultural environment refers to the influence of the sociological factors. These factors are beyond the capacity of the company. People's attitude towards the role of family, marriage; role of women in the society; cultural aspects in the society; the education level of people; the ethical issues involved; social responsiveness are some of the components of sociological and cultural environment. Every business unit is a social organization functioning within a society. Business unit draws resources from the society. In turn, the business unit provides goods and services to the society. Activities of the business are very much connected with societal needs. Sociocultural environment is highly relevant for a business unit. The reason is the variety of goods produced, the type of people it gets and its social obligations depend on the cultural milieu in which the firm operates.

Components:

1. Social norms: Standards of behaviour. Norms define the boundaries between acceptable and unacceptable behaviour. Eg: Dress norms, hospitality norms, religious norms are followed in social life. These are called social norms. Social norms influence people's material needs.

2. Gender roles: Social attitude towards gender-roles speak-out difference between males and females. Of late, there is a change in gender-role. The difference is slowly disappearing. Women are not confined to doors. They are shouldering greater responsibilities on par with males.

3. Family structure: In some societies "father" is head; in some others "mother" is the head of their families. In joint families "elder" heads the family. Purchase decisions, resource allocation decisions are taken by the head of the family.

4. Material aspects: Include money, precious materials, gadgets, houses, ornaments, vehicles, estates, properties, fixed deposits etc., by and large Indian society is not very much after material wealth. But in the recent past, material possessions are valued.

5. Spiritual aspects of life: Our country is a land of spirituals, land of gods, religious rituals and so on. Positive attitude towards spiritual aspects of life is deep-rooted in our society.

6. Religion: Social attitude towards religion is widespread. Irrespective of religious-path, every person performs his/her rituals to seek divine blessings. Tolerance for other religious is practical.

7. Technology: Indian society has been slow on technology adaptation and absorption. But now, there is a social change, that is pro-technology. Every society has a technological dimension. This changes quite often.

8. Aesthetics: Sense of admiration and appreciation of finer-points of beauty. Design-cut-shade-colour and other outward features are receiving admiration and attention.

9. Education: Education is very much valued by the society. Knowledge is power. Education explosion is taking place. Formal and non-formal education systems are getting prominence.

10. Politics: Eradication of political ills and efforts in that direction are good politics. In our country, most of the intellectuals avoid politics.

11. Recreation: Recreation is re-energizing. Leisure and recreation industry, such as tourism, entertainment are getting prominence in our society.

12. Ameliorative interests: "To give" to the deserved is a good cherished value and goal. Social attitude towards ameliorative interest is generally positive in our country.

13. Science: Indian society is becoming a scientifically advanced society. We continue value science a truth. Science has been our pursuit, right from the past.

14. International community: Indian society underlines the concept of global cooperation in all walks of the humanity. We are members and we contribute to global prosperity.

Cultural environment: Cultural environment refers to the influence exercised by certain social factors, which are beyond the company's gate such factors include, among others, attitude of people towards work, attitude to wealth, family, marriage, religion, education and ethics.

Features, nature and characteristic of culture:

❖ Culture is the human product of social interaction.

- ❖ Culture provides socially acceptable norms and patterns for meeting biological and social needs.
- ❖ Culture is cumulative. It is handed down to generation from generation.
- ❖ Culture is meaningful to human beings due to symbolic qualities.
- ❖ Culture is learned by each person in the course of his/her development in a society.
- ❖ Culture is a basic determinant of personality.
- ❖ Culture is dependent on society. It is independent of an individual.

Business and society:

According to modern thinking business is an integral part of the social system. It is a social organ to accomplish the social goals also. Business activities and attitudes are subject to societal judgement. A business unit shall make profit only by accomplishing the socially accepted goals and by satisfying society. This is the interdependence of business and society.

The modern concept of business is a very broad one. Business is viewed as a subsystem of the total social system. Business is an integral part of the social system.

It is influenced by other elements of society, which in turn, is affected by the business. Three more ideas are significant in understanding the nexus between business and the society. The three ideas are

a) Values: Business develop belief systems and values for which they stand. Mission of the business, country of location; the type of industry; the nature of employees are the sources for values. Values are the strong motivations for people in business.

b) Viability: Viability is the drive to live and grow and to accomplish the potential and to achieve all that a living system wants to become. A business must initiate its share of forces in its own environment. A business, then, becomes a positive actor on the social things.

c) Public visibility: This refers to what public think about the acts of an organization. Public examination – public discussion – and – public judgement are the activities to judge the business relevance.

People's Attitude to Business and Work:

Work attitudes are the feelings we have toward different aspects of the work environment. Job satisfaction and organizational commitment are two key attitudes that are the most relevant to important outcomes. Attitudes create an intention to behave in a certain way and may predict actual behaviour under certain conditions. People develop positive work attitudes as a result of their personality, fit with their environment, stress levels they experience, relationships they develop, perceived fairness of their pay, company policies, interpersonal treatment, whether their psychological contract is violated, and the presence of policies addressing work–life conflict. When people have more positive work attitudes, they may have the inclination to perform better, display citizenship behaviours, and be absent less often and for shorter periods of time, and they are less likely to quit their jobs within a short period of time. When workplace attitudes are more positive, companies benefit in the form of higher safety and better customer service, as well as higher company performance.

1. Work itself. The extent to which tasks performed by employees are interesting and provide opportunities for learning and for accepting responsibility.
2. Pay. The amount of pay received, the perceived equity of the pay, and the method of payment.
3. Promotional opportunities. The availability of realistic opportunities for advancement.
4. Supervision. The technical and managerial abilities of supervisors; the extent to which supervisors demonstrate consideration for and interest in employees.
5. Coworkers. The extent to which coworkers are friendly, technically competent, and supportive.

Social responsibility of Business :

Being dependent on society, a business enterprise has definite responsibility towards society. Popularly called CORPORATE SOCIAL RESPONSIBILITY (CSR), the subject has become an important topic. As stated by Henry Ford, “Business is not money chasing. But it should also aim at serving the community.” Serving the society / community is regarded as an important objective of business.

1. Government programmes: Most governments demand the following of existing regulations. Foreign governments exert pressure on MNCs to abide by codes-of-conduct that they have drafted. They expect businesses to respect human

rights and social justice pay fair wages, protect the environment, ensure safety, and health of workers, improve workers living conditions and behave ethically.

2. Community interest and demands: Firms undertake many programmes that give benefit to society in general.

3. Environmental concerns: Standards established by government agencies demand environmental programmes. Government of India enacted the environment protection act 1986. Pollution control boards set up under the provisions of the act have laid down norms. Firms are expected to take care of environmental issues.

4. Pressures from shareholders: Sometimes, shareholders exert pressure on the firms to respond to community interests. Eg: shareholders of Pepsi Co., launched a campaign to force the company to pull-out-of Myanmar due to violation of human rights by military regime. Pepsi co., did oblige the shareholders.

5. Competitive advantage: Firms believe that by undertaking social responsibility actions, they would gain competitive-edge. Realizing this, corporations spend huge amounts on social responsibility.

6. Factor conditions: Availability of trained workers high quality scientific and technical institutions, adequate physical infrastructure, transparent and efficient administrative processes and natural resources. These are factor conditions, which influence social responsibility actions.

7. Demand conditions: Social actions can influence the size and quality of the local market. Eg: Apple computers has donated computers to schools as a means of introducing its products to young people. This provides a clear social benefit to the schools. At the same time, the market for the company increases.

8. Related and supporting industries: Social responsibility can foster the development of clusters and strengthen supporting industries. Eg: American Express Bank is a part of the travel-cluster in the countries where it operates. It depends on the success of these clusters in improving the quality of tourism and attracting travelers.

CSR :

Social responsibility is understood as the obligation of decision makers to take actions which project and improve the welfare of the society as a whole along with their own interest.

1. Social responsibility to shareholders: Business responsibility to shareholders is to protect their interests. Business has a responsibility to protect and safeguard the capital of the shareholders. It provides a reasonable dividend on the shareholders

investment. In order to satisfy the shareholders, the company should strengthen its financial position. The company should enhance its public image, so that shareholders feel proud of their company.

2. Social responsibility towards employees: The responsibility of the business towards the employees include: Payment of fair wages-provision of the best possible working conditions establishment of fair work standards-provision of labour welfare facilities training and education-reasonable chances for promotion-recognition and encouragement of special skills-installing an effective grievance handling system and an opportunity to participate in managerial decision making.

3. Social responsibility to consumers: The purpose of business is to create a customer. Consumer satisfaction is the key to attain organizational goals. The important responsibilities of the business to the customers/consumers are:

Supplying goods at reasonable prices-increase productivity, quality and smoothen the distribution system-R&D to improve quality and introduce better and new products-removal of black marketing, or profiteering service-products do not adverse affect on consumer-provide sufficient information on products/services avoiding improper advertisements-providing an opportunity of being heard and to redress grievances-understanding customer needs and take necessary measures to satisfy these needs.

4. Social responsibility to the state: Faithful compliance with all regulations-payment of taxes to the government promptly-playing the role of good corporate citizen-participating with government in the formulation of relevant laws-,are some of the areas of social responsibility towards the state.

5. Responsibility to the suppliers: Large business enterprises should encourage sub-suppliers and establish everlasting relationship with them. A steady and lasting relationship with the suppliers makes good sense. Business units make prompt payment to the suppliers.

6. Responsibility to the community: The areas of social responsibility to the community are: Provision of health facilities-medical aid-assistance to educational facilities encouragement to sports-maintenance of parks, gardens, and such other activities. These are more than a small return to the community, which has enabled the business enterprise to live in its environment. The demand for environmental improvement offers opportunities to nearly all types of companies to tap new markets.