

BBA SEM-IV

Business Environment(405)

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Socio- cultural Environment of Business in India

The social structure and the culture of society have great influence on the functioning of business activities. Each society has its own culture which consists of the customs, values, attitudes, beliefs, habits, languages and other forms of interaction between the members of the society. Any business firm which aims at entering any market for its products and services must develop complete understanding of socio economic philosophy of the society. In the era of globalisation, no business can survive and grow without social harmony and without understanding the impact of demographic changes in the country or in a region.

With a population of over 1.3 billion, 3.29 million square kilometres of landmass to cover and a multitude of languages and customs, the Indian market can be a daunting place for businessmen. Business success can depend to a large extent on an understanding of the culture, the people, the land and the business environment that a foreign company and investor would be expected to operate within.

However, India promises great business opportunities and many organisations have already turned to this vast country, seeing potential in a substantial developing workforce and a cost effective geographical base for offices and factories. Yet, how is it possible to overcome the challenges of doing business in India due to a lack of relevant information, political uncertainty, the geographical scale that the country presents, the regional variations that exist and above all the cultural complexity that needs to be contended with?

Features of India's current social environment are as follows:

1. Important role of the society:

Social environment comprises of the society, which ultimately comprises of consumers, investors, employees and local community. They bear larger impact on the success and failure of the business. A businessman must not take the social environment for granted.

2. Indian businessman gave least priority to social environment:

In India, social environment was the least considered environment. There were too much of monopoly power in the handful of businessman and they always gave priority to the profit maximization. Until 1980-85, rather than marketing, selling was their main aim. The society was not very alert and aware about these facts. The position changed considerably in the late 1985 due to consumerism, increase in market competition, etc. Economic reforms and globalization were two major factors, which contributed to the importance and growth of social environment.

3. Alertness in consumers:

With improvement in literacy ratio, education level and development of media industry, the consumers started being alert about what is sold to him. Consumers are now in a mood to fight as and when they are exploited as regards to price, quality, etc. Consumer protection act 1986 has made consumers alert and strong.

4. Employees/ Workers Awareness:

The employees as well as workers in India are now becoming alert and aware about their rights and welfare. Trade unions demand attractive wages, monetary incentives and welfare facilities. Employees also get attractive salary, perks, bonus and other facilities. Thus, growing awareness in employees and worker class has contributed to a change in social environment in India.

5. Importance to the society:

In the society people have overall become alert. The organizations also take care of the environment related policy, make sure that the surrounding does not get disturbed, they prefer to recruit the local people in case with MNCs. The community has become very sensitive related to the environment, pollution etc.

6. Changed Indian business community:

Indian businessman has started giving preference to the Indian society. Many business houses have developed their research centers; they conduct regular R & D, give importance to consumer's expectations, started consumer's cell. In short, they have started treating consumers as kings for their market. Thus, the business community has started becoming conscious of new trends in the social environment.

7. Social impact of globalization: Globalization and its impact on Indian market.

India has emerged as a potential and a diversified market for the Western firms and other foreign investors. Earlier establishing a business in India was a challenging assignment, but economic reforms, brought in by different Indian governments over a period of time, have smoothen the course of entry for Western multinationals and other business magnets. Still it is considered difficult and a different proposal to do business in or with India, mainly because of its different business and socio- economic culture. Western multinationals/ investors dealing with India so far had to adopt major changes in their business style in order to serve effectively to their customers.