



Need to comprehend social environment for development and growth of modern business enterprises: Indian context

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Abstract

The economic objectives of business can be realised only by serving the society. Business is an organ of society and it draws resources from the society. A really successful business can be built only on the foundation of service to society. If a business firm cares for different sections of society, profits will flow to it automatically. Social objectives of business refer to the obligations of business towards customers, employees and other sections of society. The profits of business represents a social surplus in which all the stakeholders must be allowed to share in proportion to their contributions. Accordingly, comprehension of social environment is necessitated for development and growth of modern business enterprises.

Keywords: business enterprises, cultural forces, Indian context, social environment, societal norms

Introduction

The social environment confronting a business organisation consists of the class-structure and mobility, definition of the social roles, nature of the social organisation and development of social institutions. The class- structure in society depends upon the occupation of the people and their income levels. Urban areas are inhabited by industrial workers, professional classes like lawyers, engineers, educationist's, doctors, government servants as well as businessmen. Depending upon the income levels and available opportunities, people have a natural desire to move from one occupational category to another so as to rise in social status, have increased earnings and better standard of living. This process reflects social mobility. In rural, non-urban society the occupational groups comprise farmers, artisans and those engaged in traditional crafts. There is little scope of mobility among social classes in such a society. The social roles of people also differ in the rural society as compared with those in the urban society. In the urban social setting, business enterprises can count on the support of modern, enlightened social groups and social institutions, for growth and development. On the other hand, the urban society is also more demanding regarding the social responsibilities of business. The traditional environment of rural society may not be congenial for the development and growth of modern business enterprises. There can be little support for a modern business from social groups in a traditional society.

Every society develops its own culture over time and this culture determines in large measure how its members behave and interact with each other. The term "culture" includes values, norms, artifacts, and accepted behaviour patterns. Since society is really a collection of organisations and institutions, it is evident that they are affected to a considerable degree by cultural forces in the environment.

It is also important to note that every organisation develops its own internal culture so that their members learn what is considered acceptable behaviour (or definition of minimum ethic) for them in various roles that they play in the organisation.

Relevance of societal norms

Just as organisations have cultures that managers generally create, so there are cultures that exist outside the organisation, which affect the way it operates. The societal values held by consumers, for instance, are determined to a great degree by the values that society holds to be important. To the extent that society's values change, the organisation must adjust its methods of operation.

Societal norms are those standards that mould behaviour, attitudes, and values of those members who constitute a society. They come from laws, Customs, religious teachings, and common practice. They are standards because members take them into account in their decisions and behaviour. In other words, one can say that behaviour and attitude actually reflect prevailing norms within a society or an organisation.

It has been argued by some that organisations are supported by three legs values, assumptions, and goals. Each of these legs plays an important part in the life of an organisation. No organisation can stay together if its members do not hold certain values or basic beliefs in common. Indeed, one might say that commonality of values is one pre-requisite for the formation of an organisation by its members. At the same time, the organisation must operate on a certain set of assumptions about people, things and outcomes. if it is to survive.

Finally, organisations exist to attain some purpose or goal. What society considers desirable in this arena affects the decisions to grant authority to organisations to exist? Whether they succeed or fail is an indication of the organisation's appreciation of the social values, norms and behaviour patterns that make up a significant part of their environment.

Thus, culture is largely responsible for an organisation's success. If an organisation's management is aware of and accounts for culture in its decisions, it is possible to produce those goods and services that consumers deem desirable. Its production and marketing practices must be in tune with its culture, indeed, literally every facet of the organisation must be geared to those values, norms and behaviour patterns that its cultural components demand.

Social Environment in India

Momentous changes have taken place in India since independence. These changes offer numerous challenges and new opportunities to business.

Favourable Changes in Social Environment

1. There is substantial evidence which shows that traditional institutions such as caste, joint family and religion which in the reckoning of many western social scientists should have hindered the process of social change towards modernisation, have played a role supportive of modernisation in our society. Both Hinduism and Islam, considered to be traditionalistic in economic-ethical orientations have not come in the way of positive response to economic entrepreneurship. Similarly, joint family has served as enabling institution for the promotion of economic enterprise, techno-economic innovations, generation of capital and promotion of credit and marketability of products. The traditional skills of castes, based on hereditary occupations have been very helpful both in agriculture and mercantile vocations to promote innovation and high productivity. The leadership of the green revolution in most parts of the country has come from peasants whose traditional occupation was agriculture. Similarly, both Hindu and Muslim castes who were traditionally engaged in trade and crafts have stepped into the new role of commercial and marketing activities adopting modern institutional systems. These developments articulate the resilience of our traditions for adaptive response to the process of modernisation.
2. The massive investment in industry and technology has resulted into significant development in industrial activities and rise of entrepreneurial classes. The numbers of entrepreneurs of small and medium size as also those having broader social background have grown in substantial measure this has come with the rise in commercial and industrial activities. Compared to the traditional business classes who largely had their social origin in the trading castes or communities, the new merchant class comes from a diverse and broader social background. Slowly the process of mercantile capitalism growing and maturing into industrial capitalism is taking place in India. Now-a-days, it is happening on a much larger scale than it did during the British rule or the initial decades after independence.
3. A very substantial middle class has emerged both in the rural and the urban sectors of society. With the growth in the population and the size of economy, this middle class today dominates the power structure of society. In the rural areas the 'green revolution' triggered the rise of the rich peasantry, and through the process of the expansion of industry and the services a very substantial middle class has also emerged. This class includes the government servants, industrial blue collar workers in the state enterprises, the professionals engaged in legal, medical, managerial, banking, media and information related services and the commercial and industrial-entrepreneurial classes. Taken together these groups today constitute a very articulate, active and powerful segment of our society. If we add to this the active full-time political activists and their leadership, we get a substantial (estimates vary from

400 million to 500 million) population of the 'middle class' in our society.

4. The middle class offers dynamic inputs in social and economic change, represents in large measure the resilience of many traditional institutions such as the traditional occupations, joint family system and religious values. It strengthens market, trade and media institutions and provides a massive base of the skilled manpower so indispensable for economic growth.
5. Apart from the general growth in education, the education of women in India has increased substantially during the past decades. It has increased the chances of their professional employment, resulting in an overall increase in the share of female workforce in professional and service sector Jobs.
6. The on-going process of liberalisation of the economy that began during the mid-eighties has dramatically altered the consumption and saving propensities of the people, especially those belonging to the middle classes. The increasing volumes and varieties of consumer goods have increasingly attracted the consumer to the over-brimming show-rooms. Spurred by easy availability of loan finance to purchase consumer goods the consumer has sought to improve his living styles and possess the dream-goods, be it automobiles, Smart TVs, micro-ovens, water purifiers, vacuum cleaners, fancy tiles, designer shoes, fashion apparels and what not. Market place has acquired new meaning, competition is the law of the day

Weaknesses in Social Environment

1. Since independence despite the efforts to abolish poverty, the country has forty to thirty percent of its population below the poverty line. During the same period many east-Asian countries have substantially reduced the population below the subsistence level. An important reason for this success in other countries goes to the multi-level flow of the wealth generated in the society instead of its concentration in a narrow segment of the population such as the upper and middle classes as in India. Our policies in social and economic fields have been most detrimental to the prosperity of the weaker sections of society, such as the dalits, the women, the scheduled castes and the scheduled tribes. It is reflected also in the failure of our educational policy. The mass illiteracy in the 40 percent of the population still persists. It is higher still in the case of women. There is a vicious circular relationship between poverty, susceptibility to fall a victim to exploitation, proneness to health morbidity, high fertility rate and illiteracy. Education is a single most effective factor which breaks the process of vicious cumulative causation. We find that wherever educational achievements, whether within a region or a social group, are higher, the indicators of economic growth as also of the quality of life are higher. The effective implementation of the programmes of welfare and social justice, such as the reservation of jobs for the SCs, STs and the backward classes have not yielded desirable results primarily due to lack of education.
2. Non-accomplishment in tackling the problem of illiteracy and universalisation of education bear organic relationship with failures in the domains of population

and health policies. Control of population holds key to most problems that have reached the dimension of crisis in India such as social structural issues of distributive justice, unemployment, pressure on infrastructures and other development goals. The census figures do not indicate optimism on this count.

The rate of population growth is lower in States where standards of education and organised voluntary efforts in implementing State programmes are higher, but this rate is much higher in educationally less-developed States like U.P., M.P, Rajasthan and Bihar which together account for the bulk of the country's population. Interestingly, these are also the States which rate poorly on most indicators of development having high degree of poverty, lower productivity in agriculture, high rate of illiteracy, poor mobilisation of voluntary bodies for development and endemic problems of social unrest and violence.

3. The social composition of the middle class and its ideology, however, is such that it does not in full measure harmonise with the national ideology or its normative goals of social change. This class is largely drawn from the upper and middle castes; the lower castes, the tribes and the minorities are not represented in its composition commensurate to their population. The reservation policy has not helped the elevation of such groups to the extent expected. It has, on the one hand, created cleavages between the upper middle and the lower caste groups within the reserved categories. Evidence suggests that a few castes from amongst the reserved castes have disproportionately monopolised the opportunities. However, the lower castes, the minorities and tribes have on the other hand been increasingly alienated from the system contributing to militancy, social unrest and overall disenchantment. The middle classes tend to be ideologically engrossed into a mind-set which decries values of liberalism, social justice and principles of sharing or sacrifice. This class is increasingly taking to consumerist cultural ethos and short-run utilitarian values. In an economy of scarcities and lack of opportunities provided by the State this conflict of values and expectations generates misdirected radicalism as also ethical and social opportunism on a large scale.
4. Unlike in Europe the new entrepreneurial and professional classes in India are not inspired by values of puritan ethic or by consumer-nationalism as in Japan. The uses of connections, of family and kinship, of regions and language and of political leaders and bureaucracy have been central to the Indian entrepreneurs' success in business and industry. Its most vitiating consequence has been the misuse of the 'Political' connections. Corruption in public life has been its logical result.
5. It has deeply affected the work ethics in our society. The State which was rightly brought into the role of establishing welfare through its active economic and social interventions has been misperceived as an institution that rewards manipulators, is permissive and offers enormous scope for quick upward mobility though corrupt appropriation of public resources and wealth.
6. A reference may be made to the persistence of parochialism and regionalism which prevent the growth

of nationalism. It is true that every individual belongs to a small, close-knit group. A modern social approach essentially involves a national outlook. The individual should feel that he is a citizen of the country, his membership of a small region should not blind him to the obligations of national citizenship. The family and the school—two important social institutions are hardly playing their role of inculcating a national outlook in the individual.

Similarly, one can see difficulty of assimilating the new values in the context of the old values. Many of the old values are vital and active. Many of the new values are also vital and of immense significance to the development of the individual as well as of the nation. But the society is struggling to retain the old values while assimilating the new values. The assimilation of the new social values is critical for the society to march forward to social equality, social justice and an improvement in the standard of living. Failure to assimilate the social values may become a big stumbling block, as even the Asian Tigers-East Asian Economies on fast-growth track are finding to their dismay, with the result that many of them may be starting to lose their bite. Many of these economies are discovering that the economic wonders worked by cheap, docile labour, weak exchange rates and closed domestic markets cannot be sustained for ever. Labour disputes and clashes between business and workers are multiplying. In South Korea, where an overheated economy is in trouble, tens of thousands outraged workers recently burnt down a Japanese owned factory when their expected bonuses were not paid. The labour market in Malaysia is so tight that skilled employed have achieved great bargaining power and will simply quit for another job if their demands are not met. The Chinese authorities recently arrested workers when they tried to organise a free trade union among the multitude of poor migrant workers who provide the backbone of the local manufacturing economy.

Socio-Economic Protective Legislations

Some of the important laws enacted to protect the interests of the society in general are as follows:

1. Prevention of Food Adulteration Act, 1954

Under this Act manufacture and sale of adulterated or misbranded or substandard food is prohibited.

2. The Drugs and Cosmetics Act, 1940

This Act provides for the uniform control of manufacture, distribution and sale of drugs. It also covers the import of drugs and provides for the maintenance of uniformity in standards. This is essential in the light of continuous research and development and the use of various organic synthetics.

3. Standards, Weights and Measures Act, 1956

Uniform standards of weights and measures based on the metric system were established by this Act. The Central Government has set the specifications for any weight and measure in accordance with the recommendation made by the International Organisation of Legal Metrology. Air and Water (Prevention and Control of Pollution) Act,

4. 1974 and 1981

At the UN Conference on Human Environment held in Stockholm in 1972, in which India participated, decisions were taken to preserve the natural resources of the earth. This included the preservation of the quality of air and the control of air and water pollution. Government of India implemented these decisions through this Act.

5. Consumer Protection Act, 1986

This Act acknowledges six rights of the consumer, viz., (i) Right of choice, (ii) Right to safety, (iii) Right to be informed, (iv) Right to be heard, (v) Right to redress, (vi) Right to consumer education. The Act provides for forums at district, state and national levels for settlement of consumer disputes. It applies to all business sectors-private, public or cooperative.

6. Public Liability Insurance Act, 1990

It provides immediate cash relief for victims of environmental hazards caused by registered and non-registered companies.

Conclusion

The social environment of a business consists of all that a society believes, its customs, its practices and its way it behaves. Every society constructs its own social environmental factors affecting their businesses. Of course some beliefs, customary practices and behaviours are similar across cultures while others are not. When such an environment is created by a society where a business operates and functions, this is known as its external social environment. Business also have their own social environmental factors. This is also known as internal social environment. We must have very keen look at the social changes in the social step for the analysis of social environment. The cultural changes that happen in the social environment of the business cannot be overlooked. The social environment is also essential for marketers, as it helps them understand and target certain customers. Accordingly, organisations must leverage social factors to maximise opportunities and limit challenges.

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