

## Unit 3 Social-Cultural Environment

### What?

Social Cultural Environment is defined as a set of beliefs, customs, practices, and behavior that exists within a population or society. (Business Dictionary)

In other words it refers, to the immediate physical and social setting in which people live or in which something happens or develops. It includes the culture that the individual was educated or lives in, and people and institution with whom they interact. (Wikipedia)

**\*\*Society:** It is the set of relation among people, including their social status and roles.

**\*\*Culture:** It is the sum total of mankind's knowledge, beliefs, art, morals, laws, and customs and any other capabilities and habits acquired by human beings as member of society. (P.R Panta, 2011)

### Why to study socio-cultural environment?

1. Business Organization is a social system.
2. Business Organization is established in a society to fulfill the demand of the society.
3. Business cannot run in isolation, there need people as owner, as a consumer, as a employees, as a regulator etc.
4. The strategy formulated by the organizations on each levels of hierarchy need to address the stakeholder's expectations.
5. Sometimes, even the business can act as the change agent by promoting convenient products to people to improve their life styles. E.g. use of cooking gas, soap, mobile, computer etc.

### Components:

#### 1. Attitude: (evaluative statement)

- The opinion, feeling, judgment that anyone expresses on something.
- Attitude includes things such as individual freedom, democracy, truth and honesty, justice, love and marriage etc.
- Attitude towards work is important as it determines motivation, morale, job satisfaction, productivity etc.

#### Nepalese perspective:

- Attitude towards blue collar jobs is negative, which create great distinction between white and blue collar workers and office employees. This leads to overabundance of

liberal arts and business graduates and lack of toolmakers, carpenters and welders, even when the employment opportunities are better for the latter.

- Achievement –orientation is lacking in the Nepalese society. Lack of opportunities and capabilities had been largely responsible for such attitude.
- Mostly people are driven by material culture. Thus, knowledge building culture is shadowed by money making culture.
- Young generation is showing willingness to take risk in new venture rather than being employed in other's organization.

## 2. Religion and Religious Groups

- Religious beliefs, convictions, customs, rituals and festivals differ from one group to another.
- Religion often imposes constraints on the role of individual in society.
- Business firms can suffer heavy losses by ignoring religious sentiments of customers, employees and others.
- Religious groups exert considerable influence on activities of the business groups.
- Thus, business must recognize and respect religious sentiments.

### Nepalese Perspectives:

- A Hindu society is divided into four *Varnas-Brahmins, Kshatriyas, Vaishyas and Sudras* and consider higher to lower respectively.
- There is still existence of discrimination based on caste system.
- Some Islamic societies limit job opportunities for women. Similarly, as a religious requirement, the Muslims go for fasting from morning to evening, during the month of Ramadan.
- Negative demand for beef product in Nepal.
- In the Interim Constitution, Nepal is considered as a secular state.

## 3. Language

- Language is the means through which people communicate, exchange ideas, view, opinion to each others.
- Language is considered as a mirror of a culture.
- It provides access to local society.
- Marketing plans become costlier and more complex due to huge diversity in language.

### Nepalese Perspectives

- Nepali language is considered as a national language and 48.61 percent of total population speaks this language (CBS, 2011).
- There are 38 registered languages which are spoken in whole nation.

#### 4. Education:

- Education in its broadest, general sense is the means through which the aims and habits of a group of people sustain from one generation to the next. In other words, education is the formal process by which society deliberately transmits its accumulated knowledge, skills, customs and values from one generation to another.(Wikipedia)
- The education environment in any country influences virtually every aspects of managerial and industrial life.
- Countries rich in educational facilities vastly attract high wage industries.
- By investing in education, a country can attract “Brain-Power” industries.
- The level of literacy determines the nature of advertising packaging, quality of marketing research and distribution system.
- The market potential of a country depends on education.

#### Nepalese Perspectives:

- The literacy rate of Nepal has reached to 69 percent in 2010. Similarly, the literacy rate among the 6-14 years group reach to 87 percent.
- In 2011, the number of school was 7559 with an enrollment student of about 0.81 millions.
- Lack of qualified manpower and infrastructure development hinder the quality of the educational institution in Nepal.
- Twelve universities (T.U., K.U., Nepal Sanskrit University, Pokhara University, Purbanchal University etc.) are currently in operation in Nepal.
- Government spending on education is 6.7% of the GDP in 2014/15.

#### 5. Social Institution

- A social institution may be defined as an organizational system which functions to satisfy basic social needs by providing an ordered framework linking the individual to the larger culture. E.g. family, marriage, government, religion etc.
- **Family System:** Joint family system is prevalent in Nepal. However due to globalization, migration, and change in attitude of living, joint family is being split into smaller units of nuclear family.
- This change in family structure increases the demand of flats, vehicles, catering services (packed lunches), baby sitters etc .In addition; it also increases the demand of old-age homes, child care center, etc.
- **Marriage:** Marriage is one of the basic elements of culture and people’s attitude towards marriage influences culture a lot. It is a social event that concerns the whole society.
- Since, marriage is a family affair in Nepal. The marriage season is a big opportunity for business. E.g. demand for jewellery, kitchen ware, Honey–moon package, household furniture, vehicles etc is huge during marriage seasons.

#### 6. Class Structure:

- Social class structure is a set of concepts in the social sciences in which people are grouped into a set of hierarchical social categories. E.g. upper class, middle class, lower class.
  - The upper class is the social class composed of those who are wealthy, well born, or both. The middle class are the broad group of people in contemporary society who fall socio-economically between lower class and upper class. The lower class (Occasionally described as working class) is those employed in low-paying wage jobs with very little economic security.
  - In Nepal However, there are four class structure, upper class, middle class, lower middle class and poor.
- 7. Business Culture (etiquette):** It is a code of behavior that clearly defines the expectations for social behavior according to contemporary conventional norms within the society, social class or group.(way of doing business)
- Business etiquette can vary significantly in different countries, which is invariably related to their culture. For example: A notable difference between Chinese and Western business etiquette is conflict handling. Chinese businesses prefer to look upon relationship management to avoid conflicts stemmed from a culture that heavily relies on Guanxi. While the west leaves resolution of conflict to the interpretations of law through contracts and lawyers.
  - In Nepal, Majority of private sector business firms are owned by family owners. The interest of these owners is on profit and family. They look for the family interests to make business decisions rather professionalism of their management practices. Their interests are more on capital accumulation rather than expansion of business and professional activities

- a. **Explain the impact of social cultural environment in business organization.**
- b. **Explain the components of social cultural environment.**