

“A STUDY ON IMPACT OF SOCIO-ECONOMIC ENVIRONMENT ON BUSINESS IN MAHARASHTRA.”

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Abstract:

In the era of globalization no business can survive and grow without social harmony and without understanding the impact of demographic changes in the country or in state.

The aim of socioeconomic study is generally to bring about socioeconomic development usually in terms of improvements in literacy, levels of employment etc. There are many lots of things which are affect on the decision making power like social, economical, political, technological, legal and psychological. Both Social and economical factors have positive and negative impact on entrepreneurship to take decisions for the business. the social structure and culture have great influence on functioning of business activities. Any business firm aims to entering in any market for its product and services must develop complete understanding of the socioeconomic philosophy of the society. This s paper focuses on changes in socioeconomic environment in Maharashtra and its impact on Business in future.

Key words: Culture, demographic changes, socioeconomic environment

Introduction:

The social environment consists of the sum total of a society's beliefs, customs, practices and behaviors. It is, to a large extent, an artificial construct that can be contrasted with the natural environment in which we live.

Every society constructs its own social environment. Some of the customs, beliefs, practices and behaviors are similar across cultures, and some are not. For example, an American traveling to Britain will find many familiar practices but not so much if traveling to China.

This social environment created by a society-at-large in which a business functions can be referred to as its external social environment. If a business operates in a multicultural society, then the social external social environment is even more complicated because the environment will consist of diverse sub-populations with their own unique values, beliefs and customs.

A business also has its own social environment. We can refer to this as its internal social environment, which is simply the customs, beliefs, practices and behaviors within the confines of the business. A business has much more control over its internal social environment than it does with its external social environment.

The economic environment consists of external factors in a business' market and the broader economy that can influence a business. You can divide the economic environment into the microeconomic environment, which affects business decision making - such as individual actions of firms and consumers - and the macroeconomic environment, which affects an entire economy and all of its participants. Many economic factors act as external constraints on your business, which means that you have little, if any, control over them.

Socio economic philosophy studies the relation of economics to social values, social responsibility. It also studies the reciprocal relationship between economic science on the one hand and ethics and human dignity on the other toward social reconstruction and improvement. Social factors include the cultural implications, the gender and connected demographics, the social lifestyles, the domestic structures. Three aspects may be noted in the current socio-economic philosophy:

1. **Changes in our Life Styles and Social Values:** For instance, changing role of women, emphasis on quality of goods instead quantity of goods, greater reliance on government, and greater preference for recreation activities.
2. **Major Social Problems:** For example, concern for pollution of environment, demand for socially responsible marketing policies, head for safety in occupations and products, etc.
3. **Growing Consumerism:** It is indicating consumer dissatisfaction on a large scale against unfair trade practices. Social environment in many countries is responsible for emphasizing social responsibility of business and customer oriented marketing approach.

REVIEW OF LITERATURE

Zvirbule and Vilka(2012,p44-46) stated that the social indicators may underlie economic development success and they have also identified the importance of socio-economic factors i.e. demographic patterns, size of population, population growth rate, family size, age composition, beliefs and values, tastes and preferences and education.

India is a country with heterogeneous culture and it is complicated for a marketer to identify common threads of Indian culture and core values (Banerjee, 2008).

There is general agreement among experts that socio-cultural influence on the personality and general behaviour of people in India is very strong (Shivani et al., 2006).

Kingdom et al (2004) show that there were encouraging gains in literacy and school attendance in the 1990s. Gender gaps in education fell.

Bloom et al (2001), Bloom and Williamson (1998), among others, show a positive relationship between the growth rate of the share of the working age population and economic growth.

Lloyd and Duffy (1995) believe that families are becoming more dispersed. Young and older adults, spouses, and other relatives who might otherwise have shared a home are now more likely to live apart.

The declining ability of men to earn a 'family wage' along with the growing need for cash for family maintenance has resulted in an increasing number of female members (particularly the wife) in the family engaging in economic activities (Lloyd & Duffy, 1995).

The increase in female headed households could be due to variety of reasons including widowhood, migration, non-marital fertility and marital instability (Bruce and Lloyd, 1992).

The Census of India has defined family structure as single member, nuclear, broken nuclear, supplemented nuclear and joint families (Charkravorty and Singh, 1991).

OBJECTIVES OF THE STUDY

1. To explore the changing socio-economic environment in Maharashtra.
2. To study the impact of changing socio-economic environment on business in Maharashtra.

RESEARCH METHODOLOGY This current study has been exploratory in nature where pertinent information has been gathered from various secondary sources of data, such as, journals, books, websites, Government of India reports, etc.

SOCIO-CULTURAL ELEMENTS IN MAHARASHTRA

1. Social Institutions

Social institutions refer to set-ups like family, school etc which are essential to maintain the orderly arrangement of social structure. There are five kinds of social institutions, namely, *1.Family, 2.Economics, 3.Religion, 4.Education, 5.State*. There are also a number of secondary institutions which are derived from each of these primary institutions. The secondary institutions derived from family are marriage, divorce, monogamy, etc. The secondary institutions of economics are property, trading, credit banking, etc. The secondary institutions of religion are church, temple, etc. The secondary institutions of education are school, college, university, etc. The secondary institutions of state are interest groups, party system, democracy etc. All institutions face the problem of continuously adjusting themselves to the changing society. Changes in the social environment may bring about changes in all social institutions. For example, Inflation may have a great influence on marriage, death, crime and education. Breakdown of economic institutions may have radical effects upon political institutions.

2. Social Systems

The concept of social system is closely related to the concept of social structure which is the means through which a social system functions. The main elements of social system are: *1.Belief (knowledge), 2.Sentiment, 3.End, Goal or Objective, 4.Norms, 5.Status, 6.Power, 7.Facility*.

3. Social Values And Attitudes

Changing social values are beginning to question the basics of the age old social institutions and systems. Customs, traditions and conventions are not rigid anymore. Views towards authority, responsibility and delegation, attitudes towards business as a profession, views towards achievements and work, are all undergoing rapid changes. The MNCs take special care of the social values and attitudes in a particular economy while planning their entry therein.

Example of PEPSI: Social factors greatly impact Pepsi, as it's a non-alcoholic beverage; it has to remain in line with the strict and stark differences of cultures the world over. Also, Pepsi has to communicate its image as a global brand so that the people can associate it with themselves as something that connects the world together. Usually, the social implications are seen in marketing campaigns, for example, certain countries have religious festivals, so Pepsi has to keep in line with all those festivals in order to understand the psyche of their market and how they can cash upon the opportunity

4. Social Responsibility of The Government

Growing levels of achievement and aspiration have to be bridged through a continuous and relentless social effort, keeping in view the social welfare and social constraints. This is where the role of the government comes in. The government has to make sure that the social progress is not handicapped by the tyranny of the majority; otherwise, social tensions will affect business unfavorably.

5. Social Responsibility of Business

Social responsibility of business refers to the obligation of the business enterprises to decide on policies and plans of action in the social interest and for social good. Social responsibilities of business have to be considered with particular reference to responsibilities towards shareholders, employees, consumers, the government, and public at large. The businessman should promote civic amenities and help create better living conditions as well as help in

making people law abiding, improve the administration of municipal and industrial affairs. More than that, businessmen to be set up socially desirable standards of living for themselves, avoid ostentations, wasteful expenditure in weddings, festivals, and parties. The social responsibilities of business in India also require businessmen to give a fair deal to customers in terms of price and quality, ensure availability of products, and avoid unfair trade practices. They should not mislead the consumer and community by untruthful advertisements. Their responsibility towards employees is also defined scrupulously so as to promote co-operative spirit, provide fair wages and promotion and pursue a progressive labour policy. Similarly, their responsibility towards the state has been elaborated with respect to payment of taxes and against buying political support and corrupting public servants.

Example of Glaxo Smith Kline Pharma Corporate social responsibility continues to be an integral part of GSK's business. It makes a contribution to society through medicine donations, conducting healthcare awareness programmes and community development. The uniqueness of GSKs social initiatives lies in the development of self reliance by tackling issues through the involvement of the beneficiaries themselves. While selecting projects, priority is given to those which contribute to healthcare, especially of women and children

IMPACT OF SOCIO-ECONOMIC CHANGES ON BUSINESS ENVIRONMENT Socio-economic environment differs from country to country and also from State to state within the same country or region. It may also change significantly over time. A complete understanding of the demographic features of a market is very necessary for designing the appropriate business strategies. Many multinational companies have entered India during the last few years considering the sheer size of population in these countries.

Size of Population As per the population census 2011, the State population was 11.24 crore, which was 9.3 per cent of the total population of India (121.02 crore). Maharashtra is the second largest State in terms of size of population after Uttar Pradesh in India.

The increase in the size of population with middle and high income group has resulted in increased demand for consumer goods, both durable and non durable, as in the case of Maharashtra where demand for automobiles, branded ready-made garments, electronic products, home appliances, etc. has increased manifold.

A business firm which reads the demographic changes accurately and monitors them continuously will find opportunities knocking at its doorsteps. The size of the population is an important determinant of demand for many products. Poor countries with small population are generally not attractive for business. As against that, the advanced countries, particularly those with large population, are generally attractive markets. Because of the large potential of these markets, the competition is also quite strong. When the population is large, even if the state is poor, there could be a sizeable market even for those goods and services which are regarded luxuries in these states. For example, if just five percent of the population of Maharashtra is well to do, the absolute number is larger than the total population of many of the high income economies

Population and Growth rate of Maharashtra

Year	Population	Growth Rate
1961	39,554,000	-
1971	50,412,000	27.5%
1981	62,784,000	24.5%
1991	78,937,000	25.7%
2001	96,878,627	22.6%
2011	112,374,333	15.99%
2012	114,170,968	
2013	115,969,227	
2014	117,766,794	

Population 2011	Persons	11,23,74,333
	Male	5,82,43,056
	Females	5,41,31,277
Percentage decadal growth rate of population	1991-2001	22.7
	2001-2011	15.99
Sexratio (Number of Females per 1000 Males)	2001	922
	2011	929

Source: Census of India 2011

Emergence of Young Population High population growth rate also implies an enormous increase in the labour supply and its cost. Cheap labour and a growing market have encouraged many multinationals to invest. Many companies in the developed countries have relocated their production facilities, wholly or partially, in the developing countries to reduce the labour costs. In Maharashtra 40% of its population below the age of 25 and more than 65% below the age of 35. It is expected that, in 2020, the average age of Maharashtra will be 29 years.

Low Birth Rate and Rise in Nuclear Families Government of India has taken several initiatives in past to check the population explosion in India. The result of these initiatives is the reduced birth rate in urban families. The educated parents believe in having not more than two kids. The less number of siblings, increasing number of nuclear families and both parents working give power to kids like never before. The present day parents have money for their kids but no time and as a result of this kids present have more self-sufficiency and influencing power in the family purchase decisions than in the earlier times. The falling birth rate and rising longevity will significantly alter the age distribution within the population. The proportion of aged in the total population will go up. The changes in the age distribution have a lot of implications for business. Several pharmaceutical companies are paying a lot of attention to the potential requirements of the aged population. The increasing proportion of the aged would have implications for the governments. It may increase the welfare burden of the government. Similarly, if there is a huge increase in the population of young people then companies will focus more on the production of products which are essentials for young population, for example, fashion, cosmetics, readymade garments etc. In the modern era of 21st century, people like to live in nuclear families as needs and requirements of family members are increased and changed and also due to low birth rate.

As per Population Census 2011, Maharashtra is the second largest State in India in terms of population. The total population of the State is 11.24 crore, of which, female population is 48.0 per cent. The percentage of urban population is 45.2. The decadal growth of the population is about 16 per cent. Birth rate, infant mortality rate and death rate were 17.1, 28 and 6.5 respectively in 2010 as against 17.6, 31 and 6.7 in 2009 respectively. Maternal Mortality ratio during 2007 - 2009 was 104.

Urbanization

Maharashtra: 2001-2011

The share of urban population which was 42.4 percent in 2001 has increased to 45.2 percent during 2011. This makes an addition of 57,78,427 in rural and 97,17,279 in urban during 2001-11. Though the growth rate of urban population is more than the rural growth rate but the rural-urban difference is shrinking slowly. The rate of growth in rural which was 15.25 percent in 1991-01 became 10.36 percent in 2001-11 whereas the same in urban decreased from 34.57 to 23.64 percent.

The increase in urbanization of population in Maharashtra has led to growth of slums with unhygienic living conditions and various other problems as well as increase in the demand for products and services.

Participation of urban women's at workplace

There is increase in women's economic participation from last decade. Due to increase in the employment of women's in Maharashtra, the income of family goes up. It leads to more consumption and positive changes in living standard of family.

Education

There is a close positive relationship between education and level of economic well-being. According to the World Bank report, developing countries with high literacy rates have tended to grow faster even after allowances are made for differences in income and investment. Maharashtra has the enviable distinction of having the highest number of colleges in the country, according to a report on higher education compiled by the University Grants Commission. With 4,631 colleges affiliated to 44 universities as of 2011, the state is way ahead of Andhra Pradesh, next in line with 4,066 colleges. The report, Higher Education in India at a Glance, looks at the number of educational institutions, teachers and student enrolment in the country.

Literacy rate Maharashtra 2011

There are 8,15,54,290 literates and 3,08,20,043 illiterates in Maharashtra. There are 82.3 percent literates in the State in 2011. Among males it is 88.4 percent and among females it is 75.9 percent. Mumbai (suburban) district (89.9) has the highest literacy rate in Maharashtra. The gap between male and female literacy in 2011 has come down to 12.5 percent from 19.0 percent in 2001.

Literacy Rate in Maharashtra.

Year	Persons	Male	Female
1	2	3	4
1951	27.91	40.49	14.56
1961	35.08	49.26	19.80
1971	45.77	59.40	31.00
1981	57.24	70.6	43.50
1991	64.87	76.56	52.32
2001	76.88	85.97	67.03

2011	82.30	88.40	75.90
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SOME SOCIAL ISSUES IN MAHARASHTRA

Religion in Maharashtra

Maharashtra is the land of many religions like Hinduism, Islam, Christianity, Buddhism, Jainism and Sikhism. The Constitution of India declares the nation to be a secular republic that must uphold the right of citizens to freely worship and propagate any religion or faith. It also declares the right to freedom of religion as a fundamental right. **Hindus** 89,703,057, **Muslims** 12,971,152, **Christians** 1,080,073, **Sikhs** 223,247, **Buddhists** 653,1200, **Jains** 140,0349

Caste System and Violence

The Indian caste system describes the system of social stratification and social restrictions in which social classes are defined by thousands of endogamous hereditary groups, often termed jātis or castes. There are four main stratas – Brahmins, Kshatriyas, Vaishyas and Shudras, Dalits comprise the fifth strata. This can lead to segregation of the Indian Society in terms of many castes but less Indians.

Terrorism Terrorism can be defined as the calculated use of unlawful violence or threat of unlawful violence to inculcate fear; intended to coerce or to intimidate governments or societies in the pursuit of goals that are generally political, religious, or ideological. Within this definition, there are three key elements: violence, fear, and intimidation and each element produces terror in its victims. **Some Causes of Terrorism**

1. Strategic
2. Individual or psychological
3. Sociological
4. Religious

Naxalism The lack of development in tribal regions of Maharashtra which has given rise to Naxalism. Naxalites, Naxals or Naksalvadis are a group of far-left radical communists, supportive of Maoist political sentiment and ideology. The term Naxalites comes from Naxalbari, a small village in West Bengal, where a section of the CPM initiated a violent uprising in 1967. Naxalism is not just a law and order problem. Often, the problem relates to genuine grievances of the rural poor which include land alienation and land distribution, poor remuneration for forest produce, exploitation by government officials as well as contractors and mindless prosecution for petty forest offences, unemployment.

Economy Interrupted: There are high expectations from Mr Fadnavis, who has a keen interest in the economy and business management credentials from Berlin. The state has a total debt of over Rs. 3 lakh crore. The estimated revenue deficit for Financial Year 2014-15 was pushed from Rs. 4,100 crore to Rs. 26,000 crores. The new chief minister said today, "It is known that the state has a huge fiscal deficit. There has to be transparency and accountability."

Bitter Harvest: Droughts, floods, hail storms and unseasonal rains have further hit Maharashtra's agriculture story. The unpredictable conditions have forced smaller farmers into penury and driven many to suicide. There is an urgent need to increase processing facilities and improve insurance schemes for vulnerable farmers.

CONCLUSIONS

Every business organization must act for the benefit of the society and to maintain balance between the economy and the ecosystems by efficiently using scarce resources of the society for the economic development and also understand the socio and cultural factors for better future of their business. In a modern business, social forces usually influence the welfare of a business concern in the long run. The nature of goods and services in demand depends upon the changes in habits and customs of people in the society. With rise in population the demand for household as well as other goods especially packaged food has increased in the recent past. The operations of the business are greatly influenced by the changes occurred in socio-economic environment from time to time.

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