Socio Cultural Environment

The sociocultural environment of a business is the customs and values that guide the business's practices. It is created by the demographic characteristics of its leaders along with its employees. It can be evident in the company's vision and mission statement. A company's values are reflected in its policies. For example, a company with a strong family-focused culture will offer more employee benefits centered on this value. This company may offer flex-time for its employees, maternity leave for both fathers and mothers, and day care services or discounts.

The sociocultural environment of the business's marketplace also affects the company's business practices. For example, when McDonalds began opening stores in India it had to take the sociocultural environment into account since most of their new customers would not eat beef and many were vegetarian. Therefore they had to consider menu changes to meet the needs of their new customer base.

Factors of Sociocultural Environment

1. Sociocultural in business

Businesses are not present in a vacuum, and even the most successful business should be aware of the change in the cultures and societies in which this business does. As society and culture change, businesses need to be ahead of their competitors and remain relevant in the mind of their consumers.

2. Technical environment:

At the time we live, technology is constantly changing. It is important that businesses can keep up with changes. Technology is not limited to computers and IT services only. This includes products, manufacturing process, technology, etc.

Technical development can be a big advantage for a firm. But the technique used by the firm at the same time becomes obsolete due to such kind of development; it can also be a threat to the firm too.

3. Changing Preferences:

A major sociocultural factor influencing business and business decisions is changing consumer preferences. Whether popular and fashionable 20 years ago today or 10 years down the road cannot be popular. Successful long products and services can be weakened by different styles and priorities. For example, the clothing company should know about changing the priorities when continually creating new products or it will be old enough.

4. Political and Legal Factors:

The political environment of a country is a combination of the three branches of the government-legislature, executive and judiciary. The political environment of a country will depend primarily on the political beliefs and ideologies of the party in power at the state and central level. Legal environments refer to rules, laws, regulations, and decisions, etc. which affect the functioning of a business. And it will include taxation law and budget for the given year. So stable legal and political government is really important if business and economy are to be fully successful.

5. Demographics:

Demographic changes are also an important factor in the business world. As a populist, for example, the popular music and fashion market may fall, while markets for luxury goods and health products can increase. In addition, changes in the proportion of gender and on different racial, religious and ethnic groups within a society can also have a significant impact on the way a company does business.

6. Advertising technology:

Advertising is probably the area of business that is in contact with sociocultural changes. It often wants the business to hip and trendsetting, and to do so, advertising agencies and departments can not lose track of the pulse of those societies in which they are engaged in business. Changing ethics, values, and fashion should be considered when creating an outward face ad.

7. Financial position of the market:

The financial position of the economy and the performance of a business are very close. Depending on a business economy, it has all its input and output factors. It also sells its products and services in the same market.

A market is never in a stable position. It is always inflow. If the market rises, then all businesses will benefit from favorable conditions. The income will be higher, the rate of interest will decrease, new capital will be available etc. Apart from this, the opposite is also true in case of a stir.

8. Ecological and physical environment:

Ecology and physical environments play a big role in the performance of any business. This is especially true for manufacturing/production companies. Let us take an example of global warming.
This change in our physical environment has started affecting the rainfall in some areas. This can affect crops in turn and can cause a lack of raw materials such as jute, cotton, rubber, etc. Weather conditions, topographical elements, geographical location, climate change, and other environmental factors are a very important element in the macro environment of a business.

Internal environment:

In addition to the company's interaction with the market and its customers, sociocultural factors also influence the company's internal decision-making process. For example, by changing gender roles and emphasizing family life, respect for organizations has increased respect for motherhood and even paternity leave. In addition, sociocultural change has resulted in a considerable change in the attitude of racial discrimination and sexual harassment over the years.

Managing Cultural Diversity in the Workplace

Developing cultural competence results in an ability to understand, communicate with, and effectively interact with people across cultures, and work with varying cultural beliefs and schedules. While there are myriad cultural variations, here are some essential to the workplace:

1. Communication: Providing information accurately and promptly is critical to effective work and team performance. This is particularly important when a project is troubled and needs immediate corrective actions. However, people from different cultures vary in how, for example, they relate to bad news. People from some Asian cultures are reluctant to give supervisors bad news – while those from other cultures may exaggerate it.

2. Team-Building: Some cultures – like the United States – are individualistic, and people want to go it alone. Other cultures value cooperation within or among other teams. Team-building issues can become more problematic as teams are comprised of people from a mix of these cultural types. Effective cross-cultural team-building is essential to benefiting from the potential advantages of cultural diversity in the workplace, and is one of the top benefits of diversity training in the workplace.

3. Time: Cultures differ in how they view time. For example, they differ in the balance between work and family life, and the workplace mix between work and social behavior. Other differences include the perception of overtime, or even the exact meaning of a deadline. Different perceptions of time can cause a great misunderstanding and mishap in the workplace, especially with scheduling and deadlines. Perceptions of time underscore the importance of cultural diversity in the workplace, and how it can impact everyday work.

4. Schedules: Work can be impact by cultural and religious events. The business world generally runs on the western secular year, beginning with January 1 and ending with December 31. But some cultures use wildly different calendars to determine New Years or specific holy days. For example, Eastern Orthodox Christians celebrate Christmas on a different day from western Christians. For Muslims, Friday is a day for prayer. Jews observe holidays ranging from Rosh Hashanah to Yom Kippur.

To develop cultural competence, training should focus on the following areas:

1. **Awareness.** Cultural Awareness is the skill to understand one's reactions to people who are different, and how our behavior might interfere with effective working relationships. We need to learn to overcome stereotypes? We need to see people as individuals and focus on actual behavior, rather than our preconceived and often biased notions.

2. **Attitude.** This is the companion skill to awareness. Attitude enables people to examine their values and beliefs about cultural differences, and understand their origins. It is important that to focus on facts, rather than judgment. Also, note that suggesting that some people are more biased and prejudiced than others can quickly sabotage cultural training. The goal is managing cultural diversity in the workplace, and creating effective working relationships – not to make converts.

3. **Knowledge** Social science research indicates that our values and beliefs about equality may be inconsistent with behavior. Ironically, we are often unaware of this. Knowledge about our own behavior – and how it relates to fairness and workforce effectiveness – is an essential skill. It's also essential to be knowledgeable about other cultures, from communication styles to holidays and religious events. The minimum objective is tolerance, which is essential for effective teamwork. Differences are what make tolerance necessary , and tolerance is what makes differences possible.

4. **Skills** The goal of training – in awareness, attitude, and knowledge – should be skills that allow organizational leaders and employees to make cultural competence a seamless part of the workplace. The new work environment is defined by understanding, communicating, cooperating, and providing leadership across cultures. Managing cultural diversity in the workplace is also the challenge for organizations that want to profit from a competitive advantage in the 21st century economy.

For an organization to actually profit from the "diversity of thought" of its diverse workforce the following factors have to come together:

- Commitment to the diversity development process by top management and all employees

- Diversity promoting and supporting companywide structures and processes

- Development and training of the workforce's cross-cultural (leadership) competencies and conflict management skills

Steps for managing cultural diversity

Without the necessary organizational framework, intercultural training, and support, diverse teams will have difficulties becoming cohesive, innovative, and productive units. Let's take a detailed look at the steps needed achieve this goal.

1. **Select a cross-culturally competent team leader** Leading a multicultural team successfully requires competencies that go well beyond the technical knowledge and the leadership qualities usually required. To be effective, leaders of multicultural teams need:

- A high level of cultural flexibility

- Robust ambiguity tolerance

- Low levels of ethnocentrism

These intercultural competencies are best learned through cross-cultural training combined with personal work experience (e.g., being a member of a diverse team, working in an unfamiliar environment, having a mentor with a different cultural background).

2. **Select the team members** Next, a team leader who already has the necessary cross-cultural proficiency selects the members based on specific criteria related to the team's/project's target population (adapted from Jent, N., "Diversity: Zauberwort zur Leistungssteigerung des HR-Bereichs," 2005). These selection criteria need to be clearly defined and transparently communicated to all team members.

Reminder: The organizational framework, the hierarchy within the broader organization, and the actual physical/virtual space have to be already defined.

3. **Make the kick-off phase personal** Start any project or team kick-off phase with a team event that gives members an opportunity to get to know each other personally, such as a shared meal. And if for some reason the team can't meet in person, at the very least a friendly videoconference allowing for small talk is recommended.

4. **Take the time to build relationships and trust** Personal relationships and trust are a central element of doing business in many cultures around the globe. Other cultures (e.g., the Germans) prefer to approach negotiations and projects head-on without much time given to

relationship building. However, unless you are German and manage a team of Germans (especially men), investing time to build trusting relationships is never wrong. By the way, even German men like to socialize and build relationships after work.

5. **Learn about differences** While team members might have similar educations, professional experience, and work in the same industry, there are still considerable differences to be found between team members. It is those differences (e.g., career path, education, culture, hobbies, social background) that will lead to creative and innovative ideas, and eventually will influence the quality of team performance.

For example, a large American telecom company increased sales and retention of customers calling to Brazil by listening to its South American team member. She explained that Brazilians like to take their time talking to friends and family back home. As a result, the company lowered the call rate, but still increased its profit because of the longer call times.

6. **Clarify expectations:**

Leaders: The process of discussing and clarifying expectations is a necessary step for any team, but is particularly crucial for multicultural teams. Diverse employees will have different expectations about leadership due to factors such as age and professional or cultural background. Consider the varying patterns of expectations and common processes that need to be negotiated. Who expects what, and why? How will decisions be reached? Who decides ultimately? Who can voice criticism?

Team members: The members need to be able to voice and discuss their expectations before some kind of common ground can be negotiated. Clarify potential conflicts and explore possible remedies. How different are the issues raised, and the troubleshooting plans imagined by the various team members? If team goals cannot be met in a timely manner, can a plan B be envisioned and implemented?

7. **Communicate, communicate, communicate** Choosing adequate communication channels and cooperating consistently are essential for local and virtual teams. Which tools fit the team's framework and work methods? As we all know, communicating clearly and without conflict is challenging even in our mother tongue. The difficulties multiply exponentially

when different vocabularies are at play such as in the case of interdisciplinary and/or international teams. Therefore, it becomes even more important to apply the golden rules of communication:

- Communicate with a positive attitude

- Be clear about who you are addressing

- Be descriptive

- Avoid making value judgments

- Rephrase what you heard

- Give examples

- Speak only for yourself

- Suggest changes that can be linked to behaviors

By working hard to create a team culture, communication and collaboration just might become a pleasure and an inspiration instead of hard work.

8. **Set and respect deadlines** It is a well-known fact that time does not mean the same to everybody; after all, who does not get annoyed by chronic latecomers? Time can be a sensitive issue personally and culturally. To get everybody on the same page, communicate the rules about time keeping and deadlines clearly. This is especially important if some of the team members are not working in the same time zone and the common work hours are limited. In this scenario, team members have to be even more flexible, as returning a phone call might have to wait for the next day. What time frames are acceptable, and when is a call-back considered late? What are the consequences if deadlines are not respected?

9. **Be alert to signs of trouble** Inconsistencies and delays might signal issues with team collaboration. Don't procrastinate when you become aware of deadlines not being met or people avoiding direct contact. Helpful interventions to prevent trouble may include personal talks, social gatherings, reminders of milestones achieved, or teambuilding events. When

considering any intervention, cultural intelligence and sensitivity are of utmost importance to achieve the goal of better collaboration.

10. **Assess the team's work** Of course, feedback about the team's progress needs to be given. But a majority of cultures consider public critique offensive and improper, and only allow for indirect or private face-to-face critique. To work together successfully, it, thus, is necessary to tailor any critique to the member's cultural background. While it might be acceptable to give critique directly and rather bluntly when working with a Dutch team member, for example, this will not be acceptable to individuals from other cultures such as China or India. It might be helpful to call upon a (cultural) facilitator/mediator if the issue involves more than one team member, as that is usually a signal of a bigger issue. Again, don't procrastinate.