

Chapter 5

Special Economic Zones or Zones of Service Excellence? The Importance of Developing Service Capabilities in Special Economic Zones

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ABSTRACT

This chapter explores the importance of creating a service culture within a Special Economic Zone (SEZ) to provide an alternative to the reliance on pricing strategies to attract businesses and industries. While focusing on benefits such as tax benefits and incentives is one strategy for success, a pure pricing strategy should not be seen as the only option and in many cases does not ensure long term viability, particularly given the current economic climate and the growing number of SEZ's competing globally. In order to take a strategic approach to the establishment of a culture of excellence, the chapter will introduce the true function of business and provide insights into steps that can be taken to create an environment that is not only attractive through the delivery of value to foreign direct investment, but will be rewarding for all stakeholders through the creation of competitive advantage.

INTRODUCTION

Creating a culture of Service Excellence is of vital importance for the strategic success of any Special Economic Zone (SEZ) in today's competitive environment. Part of this success will come from a real understanding of the SEZ's Value Proposition, which is the balance between the provision of 3 attractive areas of value creation - high levels of service, high product quality and low pricing. In effect, value can be found in the combination of any 2 of these (low price with high quality; low price with high service; and high quality with high service), and developing the appropriate strategy is not only sensible, it is crucial.

In these uncertain times of high competition and low consumer confidence, which have led to the adoption of competitive pricing strategies across many businesses in a bid to maintain and expand com-

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petitive advantage, SEZ's need to be proactive in creating spheres of high value. To do this, SEZ's have traditionally aimed to benefit from this mindset by offering lower overheads through advantageous tax breaks, quotas, customs and labour regulations to ensure their prosperity.

However, while pricing strategies that take advantage of these benefits will surely help a business attract and retain customers, a pure pricing strategy is not sustainable, particularly given the diverse number of SEZ's competing globally. An SEZ can take an alternative approach by adding value through the service culture it creates attracting companies that are focused on the customer's service experience, and encouraging other companies that have not previously been service oriented to take advantage of a new competitive advantage. Not only will this make the SEZ itself highly attractive to investors, it will create a highly competitive environment for all stakeholders.

If the success of a Special Economic Zone is to be measured by how adept it is in attracting foreign direct investment in economic activity that could not otherwise be achieved, then ensuring a culture of Service Excellence within all aspects of the SEZ is one way to facilitate this. Service should not be seen uniquely as the responsibility of the businesses and industries investing in the SEZ, but also in how the SEZ is set up.

As with any business tool – and whilst service is often perceived as an end in itself, it really is a tool like any other that can be used to ensure commercial viability and sustainability – success lies in the constant re-evaluation of what has worked or not worked, today and in the past, and to use that as an evolutionary guide for the future. Any relative success today does not mean that success will be sustained if nothing changes. Therefore, the challenge facing any SEZ (whether it is just starting or is well established; has no history of service or has an established reputation for service excellence; whether private or public) is that it needs to continuously look at what level of service it is currently providing and what is the level that will give it a competitive advantage moving forward.

This is not a question of whether SEZ's provide high levels of service quality, or whether they are ignorant of the subject, but it is rather about what is possible and how to strive for excellence no matter the current situation.

WHAT IS THE TRUE FUNCTION OF AN SEZ?

In the book “Non-Manipulative Sales” the authors stated “If the goal of every business is to make money, then the function of every business, and of every person in every business, is the acquisition and maintenance of customers” (Alessandra et al., 2009). And it is clear that in order to acquire and maintain the customer base to which a business aspires then service is going to be a key element of success for that business.

Could the same therefore be said of an SEZ? Could the success of that SEZ depend upon the ability to attract and acquire customers ie businesses prepared to operate in that SEZ? And would those businesses make their decision based on whether they believe they are receiving the best possible service?

According to Ratcliffe (2021) the founder of Wal-Mart, Sam Walton, famously stated that “There's only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.” Walton's statement is more self-evident today than ever, whether it is applied to a company, an institution or any body that is seeking to create a successful business environment such as an SEZ.

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