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Absenteeism in Indian Tractor Industry: A Critique on the Causes and Remedies

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The success of an organized industry largely depends upon the efficiency and experience of its workers. Without regularity in work any organized industry cannot achieve its predetermined goal of the organization. Absenteeism is the main obstacle in the way of success of an organized industry. Absenteeism is one of the most widespread obstacles to productivity, profitability and competitiveness. It causes overtime, late deliveries, dissatisfied customers and a decline in morale among workers expected to cover for absent colleagues. The indirect cost often exceeds the direct costs associated with production and distribution. Absenteeism as a problem can be resolved through management interventisms. Some of these include : Change of management style, change of working conditions, providing incentives. There is a used deverse Absenteeism Policy

INTRODUCTION

Different authorities have variously defined absenteeism. According to Webster's Dictionary "absenteeism is the practice or habit of being an 'absentee' and an absentee is one who habitually stays away." According to the Labour Bureau, Shimla, "Absenteeism is the total man shifts lost because of absences as a percentage of the total number of man shifts scheduled to work." It does not regard authorized vacation, privilege leave, strike, lockout, lay-off or regularized over-stay as absenteeism. As against this, the Annual Survey of Industries has defined absenteeism as period when the worker was scheduled to work and looks upon all kinds of vacations and leave as absenteeism.

In other words, it signifies the absence of an employee from work when he is scheduled to be at work. It is unathorised, unexplained, avoidable and willful absence from work. For calculating the rate of absenteeism, two facts are taken into consideration (a) the number of persons scheduled to work and (b) the number actually present. A worker who reports for any part of a shift is to be considered present.

An employee is considered as scheduled to work when the employer has work available and the employee is aware of it and when the employer has no reason to expect well in advance, that the employee will not be available for work at the specified time.

COSTS ASSOCIATED WITH ABSENTEEISM

Morrow et al.(1999) and Barmby (2002) have shown that the cost of absenteeism is greater than the direct payment of wages and benefits paid durance the absence. Along with the cost of paying someone who is not at work, there may also be the costs of the replacements besides there being hidden costs of absenteeism like:

- Lost productivity of the employee.
- Overtime for other employee who fill in.
- Decreased overall productivity for those employees.
- Any temporary help costs company might incur.
- Possible loss of business or dissatisfied customers.
- Problems with employee morale.
- Co-employees developing poor opinion of the management/ bad attenders.

Hence, it is of paramount importance that the absenteeism be curbed. However, there are difficulties associated in identifying whether the absence is due to genuine reasons or the same is due to unwillingness to work. Organizations need to identify the costs associated with the absenteeism and convey the same to the habitual offenders.

REVIEW OF THE EXISTING LITERATURE

Deniz S.Ones et al (2003) have reported that until recently, research focus has been on a variety of of attendance management is to develop a willingness on the part of all employees to attend work regularly and assist them in motivating their coworkers to attend work regularly. This could be done through:

a) Addressing the physical and emotional needs of the employees and
b) Communicating the attendance goals of the organization so employees can understand and identify with them.

CONCLUSIONS

The present exploratory research study on the tractor industry highlights that mainly there are two factors responsible for absenteeism- individual factors and environmental factors. Individual factors are related to the individual like low motivation to do work, lack of desire to excel in one's work etc. Environmental factors are those which are related to the environment like customs, fairs, festivals, marriages, death, birth etc. In nutshell, the present study has identified most common reasons for employee absence as:

- Illness or injury
- Personal or attitude problem
- Reasons relating to the employment situation
- Weather and transportation
- Family reasons and visits to the native place.

Organizations have to convey to the employees that they are invaluable and that their attendance is important, valued and rewarded. Attendance improvement programme requires commitment and support from all levels of management, an effective record-keeping system, consultation and open communication. Implementing and maintaining this work environment results in reduced absenteeism, team spirit, reduced grievances and greater employee satisfaction. Only when the positive approach is unsuccessful the employer needs to use the remedial approach to deal with excessive absenteeism. In all cases employer's action must be fair and reasonable and consistently applied.

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EXECUTIVES' PERCEPTION OF CORPORATE CULTURE AND POTENTIAL ORGANISATIONAL IMPLICATIONS

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Culture has become a critical lever of the success chain for the organizations willing to maximise their global competitiveness. Cultural evaluation can facilitate a company to analyze the gap between the prevailing and desirable corporate culture. Developing a picture of the ideal and then taking a realistic look at the gaps is deep-seated to design the interventions to bridge the gap and bring definite elements of culture into line. A thoughtful assessment of the culture supports the alignment of values and strategic goals across sub-cultures within an organization. Though the present study highlights the participation of members in critical matters and task accomplishment, yet it does not clearly represent future orientation in the prevailing culture. The expectations on organisational culture call for future orientation, context sensitivity, high concern for total organisation, inculcation of human values, acceptance of diverse ideas, and attaching added substance to competence instead of hierarchical status.

INTRODUCTION

In today's market place, which is changing *ad infinitum,* it is indispensable to focus on corporate culture as a critical lever of success chain. If the organization wishes to maximise its competitiveness for attaining its goals, it must ensure that prevailing culture supports and drives the actions necessary to achieve the same. Assessment of culture can enable a company to analyze the gap between the prevailing and desirable corporate culture. In fact as Venkatachalam (2003) says, culture is to an organization what personality is to an individual. As the personality determines the identity of an individual, in the same way the culture determines the identity of a human group. Culture could be termed as the interactive aggregate of common characteristics that influence a human group's response to its environment. As the organizational performance has strong links with the type of culture it has, therefore, the executives from today's most successful organization devote considerable time and resources towards ensuring that their organizational culture drives performance and produces business results. In today's competitive and uncertain market place, it is necessary to focus on culture as a critical lever for success. Managers are relating the success of organization with the current conception of culture. Hence, it has become inevitable for organizations to develop and maintain a strong culture for better performance to compete in a changing business environment.

CONCEPTUAL OVERVIEW

The organizational culture is a system of mutual beliefs and attitudes that develop within an organization and funnel the behavior in its members. It is also popularly known as "corporate culture", and has a foremost impact on the performance of organization and especially on the quality of work life experienced by the employees at all levels of organizational hierarchy. The corporate culture Chandan (1999) explains consists of the norms, values and unwritten rules of conduct of an organization as well as management styles, priorities, beliefs and inter-personal behavior that prevail. Collectively they create a climate that influences how people communicate, plan and make decisions. Strong corporate values let the people know what is expected of them. There are clear guidelines as to how employees are to behave generally within the organization and their expected code of conduct outside the organization. In addition, if the employees understand the basic philosophy of the organization, they are more likely to make decisions that will support these standards set by the organization and reinforce corporate values.

The word culture has its origin in the word "cultivation", the process of tilling and developing land. When we talk about culture, we are typically referring to the pattern of development reflected in a society's system of knowledge, ideology, values, laws, social norms and day-to-day rituals. Since the pattern variations in the prevailing and desirable corporate culture, yet there are certain aspects which need to be taken care of as discussed hereafter. On first front of 'internal' in the prevailing culture people feel nature can be changed and adapted for better use of human society. The data reveal a higher degree of internal locus of control amongst the employees and they feel it should be controlled. On the other hand, the aspect of ambiguity tolerance i.e. freedom of expression of ideas for problem solution, the desirable and prevailing corporate culture has been found on equal footing. The employees in the manufacturing sector have more expectations of the desirable corporate culture in term of context sensitivity, narcissism, future orientation, individualism, inner directedness, universalism, role-boundness, androgyny, power parity, expressiveness, conserving, assertiveness and expanding. As a whole, the employees of the manufacturing sector seem to be demanding on select aspects of the desirable corporate culture.

In the service sector, as expected a picture contrary to the manufacturing sector has emerged. People in the service sector seem to be more demanding on different aspects. On first front of 'internal' in the prevailing culture people here also feel nature can be changed and adapted for better use of human society. The data reveals a higher degree of internal locus of control amongst the employees. It is also felt that the same should be controlled. The aspect of ambiguity tolerance i.e. freedom of expression of ideas for problem solution, reveal a dissatisfying picture from the prevailing corporate culture and has recorded a significant difference in the mean scores. The employees in the service sector have been found expecting specific aspects of desirable corporate culture in terms of future orientation, individualism, inner- directedness, role-boundness, conserving, and assertiveness. In brief, the employees of service sector have shown more seriousness and concern towards the future, raising more of expectatoions from the desirable corporate culture.

While comparing the results of desirable and prevailing corporate culture in the manufacturing and service sector it can be visualized that people in service sector have been found more concerned with desirable corporate culture when compared to their counterparts in the manufacturing sector. The composite picture of prevailing and desirable corporate culture in terms of overall responses projects reasonable amount of gap on various aspects of prevailing and desirable corporate cultures. It emphasizes the need for rewarding and performing corporate culture to attain global competitiveness and organisational excellence.

CONCLUSION

To sum up, the present study indicates that current organizational culture encourages human values, diverse views and thinking, managerial responsibility and firmness in action as supported by the high scores on these aspects. Likewise there has been a desire to have emphasis on competence rather than on seniority. The gap between desirable and prevailing corporate culture is not high on individual sector basis in most of the aspects. However, the gap has been found significant on composite whole basis. The present culture is reasonably future oriented and it tends to be more context sensitive. The culture also emphasizes on getting the task done as planned, but is not clearly strengthened by team building. The present culture emphasizes business achievement but is not conducive to building up a system and an institution which are the foundations for a organization.

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Table I: Organisational Culture in the Corporate Sector

(Mean Score Table)

Corporate Culture / Culture Aspects	Desirable Corporate Culture			Prevailing Corporate Culture		
	MS	**SS**	**OR**	**MS**	**SS**	**OR**
Internal	89	80	85	98	89	94
Ambiguity tolerant	91	100	96	91	71	81
Context Sensitive	89	100	95	85	100	93
Narcissistic	82	81	82	76	80	78
Future oriented	88	91	90	80	82	81
Individualistic	80	89	85	76	72	74
Inner directed	87	91	89	69	71	70
Universal	81	91	86	79	91	85
Role Bound	94	100	97	84	90	87
Androgynous	100	98	99	93	96	95
Power Parity	96	100	98	72	98	85
Expressive	84	100	92	76	100	88
Conserving	83	81	82	78	70	74
Assertive	98	100	99	94	90	92
Expanding	80	72	76	73	71	72

Note : *MS* = Manufacturing Sector; *SS* = Service Sector; *OR* = Overall Response.

Impact of Size of Manufacturing Organizations on their Environmental Management Practices (EMP's): An Empirical Analysis

Meera Rastogi & Karunesh Saxena

The Environmental Management has become a global issue and it concerns all the Business Organizations whether large or small, whether located in developed countries or in developing countries, whether adopting state-of-the-art technology or conventional manual technologies. The understanding has dawned that Environment' is a very useful resource and therefore it needs to be properly managed. Moreover, there is an increasing public pressure on business organizations to adopt environment -friendly practices. The issue of sustainable development is closely linked to the environmental management. There is a growing recognition among the business organizations to go for achieving certification to ISO 14000 standards. Today it may be a distant possibility that business organizations may harness their potential by following Sound Environmental Management Practices (EMP's), but in near future it will become a reality that only those business organizations will be able to survive and excel which adopt sound EMP's in all their business operations.

INTRODUCTION

The Indian business organizations there is a great amount of difference in attitude when compared with some of the developed countries. There is a tendency to adopt a lackadaisical approach when it comes to assigning environmental concerns a high priority. Our country can boast of a large number of laws pertaining to Environment but when it comes to implementation nothing significant has been achieved.

It is hypothesized that large sized business organizations would have adequate resources and manpower to successfully implement Environmental Policy and Plan.

Against this backdrop, an attempt has been made in this paper to study the EMP's followed by large and small sized organizations

REVIEW OF RELATED LITERATURE

A review of the literature of various studies related to environment management clearly shows that very limited research related to environmental management practices has been carried out in the Indian context. Some studies have been made using variables such -as firm size and sector. Some case studies on an individual organization are also available. Swarup, Mishra, Jauhari, (1992) have compiled data on industrial wastes with heavy industrial concentration in a diverse set of industries such as food processing industry (meat and dairy products, brewing, distilling, canning etc), textile industry, paper and allied products, chemical industry (acids, bases, synthetic fibers, pesticides, detergents etc.), petroleum industry, rubber and plastic industry, metal industry and others such as leather tanning, soft-drink bottling plants. Business Today and Tata Energy Research Institute (TERI) conducted a survey in March 2000 (BT, 2001), the first -ever study of environmental practices in the Indian corporations. Its two aims included analysis of key trends and dominant environmental practices on one hand and identification of 10 'greenest' companies in India on the other. The companies were judged on 11 parameters It is probably for the first time that a general focus is placed on studying environmental management practices of a cross-section of organizations in the manufacturing segment.

The size of the organization plays a vital role in environmental management practices.

The transnational corporations view environmental management as a strategic imperative. Organizations such as Monsanto have laid emphasis on Cleaner Technology and have shifted focus from bulk chemicals to biotechnology.

According to Welford (1999), the effects of different industrial sectors on the environment vary enormously. At one end of the spectrum there are oil

3. The govt. should provide assistance in the form of incentives. subsides, skilled personnel, technical know-low etc. to develop a conducive environment for the organizations to manage their environmental problems.
4. State industrial development organizations such as RIICO, must chose sites of industrial estates with care. These estates must be well planned with the facilities such as 'Common Effluent Plant, 'land fills' for solid wastes. The allotment of industries must be based on the concept of 'Industrial Parks'. as far as possible. Emphasis on dense plantation in and around the estates must be placed to absorb the pollution.
5. Though there exist sufficient measures to check the Environmental Management of large and Medium organizations, yet the same have been neglected in case of SSI's. Efforts must be made to broaden the same for SSI's but without inhibiting their growth factor.
6. The top management of the organization should strive for Total Quality Environmental Management (TQEM). Then only, it can cascade to the lower levels of management.
7. Environmental concern must be incorporated in the strategic management in the mission and objective statement.
8. Establishing of an Environmental policy, Environmental objectives and preparation of Environmental manual is must to provide a frame-work for Environmental Management in the organization
9. Continuous monitoring of pollution is necessary as most of the manufacturing units operate in three shifts.
10. The environmental aspects must be merged with the Quality to produce a synergistic effect.
11. The employees must be given incentives for their contributions towards Environmental Management. Regular feed back from the employees must be taken to improve the EMP's of the organization.
12. Emphasis must be placed on recycling of resources such as water, paper and energy. This would not only make efficient use of the resource but also decrease the economic cost of pollution The expenditure of recycling, must not be treated as cost component but as an investment with future returns.
13. Besides the routine external communication such as 'Regulatory submission', internal communication such as slogans, meetings, banners must be extensively used. Printing' Environmental' related messages on stationary is a good choice.
14. The professional bodies such as ASSOCHAM, FIICI and CII must make efforts for Environmental Management awareness among the organizations.
15. The general public must seek the Environmental damages that are directly or indirectly caused by the organizations. (Directly such as under-ground water and indirectly such as high noise pollution levels).

CONCLUSION

Today, it may not be compulsory for business organizations to follow Environmental Management but in near future, the erring behaviour on their part may even force them to close down their manufacturing unit. The size of the organizations cannot be taken as an excuse regarding Environmental Management. The writing on the wall is clear. The environment is legacy for future generation and each and everyone is equally responsible for its protection. Hence Environmental Management must be the top priority

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How Service Quality Affects Customer Relationships: 'Caveat' CRM

Alok Saklani & Madhu Jasola

Businesses have begun to question the usefulness of their CRM deployments. Having spent millions of dollars on their "project", the top management appears to have been disillusioned with CRM, which was being hailed as the top strategy of the times. However, many of them seem to have missed out on a vital point; that CRM is all about service, very little about technology. And it is strategy which must touch the core in the organization and certainly not merely a "project" at the hands of the "tech" department. While these flaws in recent implementations of CRM have been pointed out repeatedly by leading experts, most organizations fail to grasp and follow up on it. The paper reports findings of an empirical study carried out in some banks in India to look closely into how service affects customer post-purchase behaviour. Results clearly demonstrate that service impacts customer commitment levels and loyalty with some dimensions affecting it more than others; higher service levels fetch higher loyalty; the trust and loyalty levels appear to be higher among individual customers as against corporate accounts, and so forth. There are lessons for businesses looking for relationship management in the modern era.

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INTRODUCTION

Looking back at the past fifty years since marketing emerged as a discipline in itself, two things strike you instantly, 1) the increasing centering around the customer, and 2) the shift towards providing greater satisfaction. While staying closer to the customer helps the organization understand the former better, the second, paves the way towards a long term association with him/her.

The seventies saw a spate of researches in the customer "dissatisfaction" area, while, the late eighties demonstrated the impact of "high" satisfaction on loyalty. As increasing competition led to high churn rates, which in turn, called for high promotion expenditures, marketers noticed the significantly "lower" costs in serving the "older" customer. Stopping churn and retaining customers were therefore, seen to be the prime objectives of a business organization. It was with this backdrop, that 'after sales contact' (relationship marketing) was utilized as a major tool in the nineties. This took the form of rewarding loyalty (points), offering membership in clubs, personalized contacts (birthday / anniversary greetings), and social get togethers (e.g. new year parties). While much of this was already being practiced in the business to business scenario, the extension to consumer marketing was new. But with customers running into millions in number, maintaining a data base (of consumers), identifying "core" and "valuable" customers and tracking, in order to serve them on a one-to-one basis, was proving to be a big challenge for the organizations. However, all this appeared to be easy once IT contributed its own in the form of "packages" that enabled applications of the CRM strategy on a large scale. The online customer contact channel further brought about the advent of eCRM.

This, then brings us closer to the customer and come to intimate terms with him. It is in this way, CRM is said to help the organization realize the goals of higher loyalty (& increased revenue). But has CRM really helped the organizations fulfill these goals?

In a 'CONFERENCE BOARD' survey, the major objectives among the 52% of the top companies which had implemented CRM, were reported to be:

- Increase retention and loyalty
- Respond effectively to competitors' pressures
- Differentiate competitively on customer service.

However, only 25% CRM deployments were said to be 'very' successful by the corporate managers interviewed. Therefore, it was not a surprise that CRMGURU found the satisfaction level with CRM at (only) 65% whereas it is said to be between 80%-90% in other industries and CRM below 70% is termed as the 'abandon ship' level. DOCULABS have reported that about one-third CRM initiatives are left unfinished (perhaps, as an indicator of the failure of CRM). The figure is higher than the average in IT know, unhappy and merely satisfied (distinct from "highly" satisfied) customers need to be kept in close watch in order that desired improvements can be brought about. In addition, hot lines are to be set up, negative customer feedback is to be encouraged to help the organization learn where it falls short. Once satisfied, the (satisfaction) levels are gradually raised, must be sustained and kept high. The contact has to be further maintained so that changing needs can be addressed in quick time. The efforts required for corporate customers need to be more. If these who operate accounts in the bank are the eyes and ears of the company, it would be in the interest of the banks to enhance the satisfaction level of the (account) operating executives.

Only totally satisfied customers can really be converted into loyal customers. The process then moves on to more intimate levels. It is in this manner that CRM will prove to be of great help. During each stage the emphasis is on understanding and serving the customer correctly. Brown & Gulycz (2000) state that CRM deployment must "start with a clear understanding of:

- customers and their needs,
- the organisation and its competencies,
- the organisation's commitment to quality service- from both internal and external customer-perspective".

Organisation can "survive only with continuous performance improvement". The authors elaborate further that, "quality service leads to very satisfied customers, to loyal customers, to increased revenue". They emphasize that organisations must define four strategies to effectively manage its customer relationship: customer strategy (segments & needs), channel and product strategy, infrastructure strategy, and performance management strategy (for continuous improvement). The authors repeat that many a CRM initiative failures have indeed been held to be as failures in service rather than of CRM. Service is said to be the core element, a major sub-strategy, in any CRM strategy.

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Table 1

Service Quality in Citibank & American Express

Dimensions	**Mean Item Score**	
	Citibank	American Express
Tangibles	-0.65	0.69
Reliability	-0.17	0.47
Responsiveness	-0.51	0.62
Assurance	-0.76	0.53
Empathy	-1.07	0.63
Overall scale	**-13.20**	**13.04**

Table 2

Post Purchase Behaviour in Citibank & American Express

Variables	**Mean Item Score**	
	Citibank	**American Express**
Satisfaction	3.15	6.07
Trust	4.13	6.25
Commitment	2.58	5.29
Loyalty	3.05	5.73
Future Up-Buy	2.60	5.82
Future Cross-Buy	2.75	5.76

CUSTOMER VALUE MANAGEMENT FOR MARKETING PROFITABILITY

Vinita S. Sahay

In today's fiercely competitive environment, every organisation is striving to generate the highest level of customer value while delivering the highest value to stakeholders. With an aim toward success and survival, management has put its priority on these two objectives. This paper presents a framework to delivering the greatest long-term benefit to the business by effectively managing customer value. The paper argues that if an organisation delivers superior value to their customer, it has a chain reaction on improving customer satisfaction and customer loyalty, which in turn can enlarge the market share and ultimately increase marketing profitability.

EMERGENCE OF CUSTOMER VALUE: WHY?

Business environment is today much more complex, competitive and turbulent. Companies are facing tremendous pressure to achieve short-term profit, and continuous profit enhancement is the primary measure of their performance in today's business environment. In today's competitive market, raising prices is not an option for enhancing profit. As a result, management is looking for other means of achieving double-digit savings and improving customer satisfaction ratings annually. This dilemma forces management to look for innovations that adds maximum value to its customers.

Customer is the king. It is, therefore, inevitable to understand what customer wants and value. The value of a product or service as interpreted from the consumer's point of view is the product of the consumer's subjective judgement about the product or service offering (Anderson & Narus 1998; Woodruff & Gardial 1996;). It is in this sense, that Woodruff and Gardial (1996) define customer value as a customer perception of what they want to happen in a specific use situation, with the help of a product and service offering, in order to accomplish a desired purpose or goal. Along with numerous other authors they emphasise the value judgement which is the product of weighing up positive consequences (utility) and negative effects (costs). Further, customers generally vary in terms of profitability. That is to say that one particular customer does not generate the same costs and revenues over time as another customer. Moreover not all customers generate acceptable cost and revenue streams. It has been suggested therefore that the firm should actively encourage value addition and relationship with profitable customers and attempt to terminate relationships with unprofitable customers. However, this at times may lead to profitability trap.

PROFITABILITY TRAP

There are five major trends impacting virtually all markets, which are conspiring to make the generation of acceptable margins and profits increasingly more difficult:

- In most industries, companies are facing an ever-increasing level and intensity of competition, often from abroad.
- There are more and more information and advice available, from a plethora of established and new sources, about products and services to help consumers make informed and discerning decisions.
- Consumers are becoming more aware of their options and the power that they have in, and over, the buying process.
- The rate of product and service innovation, and the speed of competitor response, are both increasing as a result of new technologies.
- Media proliferation and fragmentation have reduced the reach and cost-effectiveness of traditional marketing activities.

The results of these changes are having a profound effect upon marketing strategy and corporate profitability:

- Profitability is threatened as both consumers and competitors squeeze margins.
- It is increasingly difficult to develop and maintain a differentiated position, particularly in service industries.

CONCLUSIONS

Customer value management, if managed effectively, will deliver improved profitability and a greater return on investment by targeting acquisition activities at those prospects with the greatest potential lifetime value and developing stronger and more profitable relationships with existing customers. Organisations should ensure that scarce financial and staff resources are allocated to those customers with proven value or potential.

Customer value management brings together the systematic, thorough and rigorous application of traditional marketing approaches, with recent advances in financial and predictive modelling, to enable the identification of profitable customer segments. It is the consistent, coherent, rigorous and quantified approach to focusing on individual customers and the value that they deliver which will lead to long-term improved profitability.

To manage the value it is necessary to first look into value propositions. The value generated through product and service offerings keeping profitable customer in mind result in satisfaction for the customers. Satisfied customer may exhibit the behaviour of repurchase, word of mouth and brand messenger, that is loyalty to either firm or offerings. This behaviour helps in increasing the revenue for the firm and help in boosting marketing profitability.

The proposed model presents the outlines to manage customer value through meticulous customer value creation and execution. It also depicts what customer value means and linkage between customer value as value to customer and customer value as valuable customer for company. This model advocates focusing upon profitable or valuable customers to increase customer base as well as profitability.

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COMPETITIVENESS OF TELECOM INDUSTRY IN INDIA

Arundhati Chattopadhyay

Competitiveness can be evaluated at various levels: company, sector/industry or country. Whereas competitiveness at the firm level and country level has been regularly evaluated, the role of industry level is yet to receive adequate attention. Especially, in India research relating to competitiveness of industries is minimal. For the paper Indian Telecom Industry is taken because in this age of Information and Communication Technology (ICT) the telecom industry forms the economic backbone of a country. Moreover, in recent years the Indian Telecom Sector has experienced lots of changes and is still continuing with the reforms. The prime objective of the paper is to assess the competitiveness of Telecom Industry in India. For this purpose the four conditions of the famous Porter's "diamond" model are applied to the telecom industry in India. The government policy is discussed in all the relevant areas to understand its influence on the telecom industry. The overall analysis of the Telecom Industry is done giving due focus to the potential of the telecom industry and the changing nature of competition in this relatively young market.

The paper is organized into five sections. The present Section or Section I provides the introduction, definition of competitiveness, rationale, objective and methodology of the paper. Section II details the description of the Porter's model. Section III brings out India's competitive position and the profile of the Telecom Industry in India. In Section IV the four conditions of the "diamond" model are applied to the telecom industry in India. The government policy is discussed in all the relevant areas to understand its influence on the telecom industry. The paper concludes with Section V that gives the finding of the analysis on the competitiveness of the telecom industry.

INTRODUCTION

With the successful completion of the Uruguay Round of negotiations, which marked the commencement of WTO regime of international trade relations, there is a transition in the air from comparative advantage paradigm to that based on competitive advantage. The essential difference between comparative advantage and competitive advantage is that whereas the former is derived from resource endowment of the economy and is therefore, external to the policy system, the latter is factor performance and technology driven and, thus, is alterable through policy changes and managerial action (Porter, 1990). A race is on and companies and countries constantly need to direct all their energies towards how to be more competitive. No country or company can afford to miss the relentless race that is on. Not only the winners in this race are promised huge economic gains, but also the losers, are faced with the dire risk of going out of business. In essence, competitiveness is a win-lose game.

COMPETITIVENESS: DEFINITION

Competitiveness is a complex and multi-dimensional concept and various definitions are used by scholars and institutions for capturing this concept. The paper gives the two most popular definitions of competitiveness. The Global Competitiveness Report(GCR) brought out annually by the Geneva based World Economic Forum(WEF) defines Competitiveness as the ability of a national economy to achieve sustained high rates of economic growth in the medium term on the basis of suitable policies, institutions and other economic characteristics. The second, definition is given in the world Competitiveness Yearbook (WCY) published by Laussanne (Switzerland) based International Institute of Management Development(IMD). It defines competitiveness as the ability of a nation to provide an environment that sustains the domestic and global competitiveness of enterprises operating in its borders.

RATIONALE OF THE PAPER

Competitiveness can be evaluated at various levels: company, sector/industry, country. Whereas competitiveness at the firm level and country level has been regularly evaluated, the role of industry level is yet to receive adequate attention. For instance popular annual surveys by business magazines rank firms on several criteria. However most of such evaluations focus excessively on financial performance. Similarly, at the country level, WCY has just served as a comprehensive basis for comparing international competitiveness of key countries.

		Reliance Telecom	183610	191523	200290
		Bharti Cellular	96931	100080	89346
		BSNL	147846	150232	151516
	W.B. & A&N	Reliance Telecom	83344	87268	91052
		BSNL	131702	142539	152031
B' Circle		**Total**	**5154031**	**5658847**	**6052692**
C' Circle	**H.P.**	Bharti Telenet	57411	61163	65386
		Reliance Telecom	10667	10450	11589
		BSNL	53621	55886	59999
	Bihar	Reliance Telecom	216560	221755	232531
		BSNL	199269	224743	217145
	Orissa	Reliance Telecom	79272	79479	86846
		BSNL	135547	141528	142061
	Assam	Reliance Telecom	42457	42298	42160
	N.E.	Reliance Telecom	9722	9648	10220
		Hexacom	NIL	nil	nil
		BSNL			386
	Jammu & Kashmir	BSNL	16366	23077	28741
C' Circle			**820892**	**870027**	**897064**
All India			**19346303**	**20725950**	**21991743**

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An Analysis of Shifting and Incidence of Corporate Income Tax in India

Sugan C. Jain & Monica D. Soni

The problem of incidence of taxation is one of the most neglected, as it is one of the most complicated subjects in economic science. No topic in public finance is more important; for, in every system of taxation, the cardinal point is its influence on the community. Without a correct analysis of the incidence of a tax, no proper opinion can be formed as to its actual effect or its justice. The paper attempts to focus on short-run shifting measures. The paper concludes that there is no indication of forward shifting of incidence of corporate tax to consumers. The burden is borne by the company's stockholders. This has also resulted is decreasing trend of Rate of Return.

INTRODUCTION

While a tax is imposed on one person, its final or actual burden may be ultimately borne by some other person. Thus the person who originally pays the tax may not be the one who bears its burden in last instance. The process of the transfer of a tax is known as the 'shifting' of the tax, while the settlement of the burden on the ultimate tax-payer is called the 'incidence' of the tax.

It is a common folklore that we live in a corporate world and that there is an incessant reason for a paradigm shift of the corporate-society relationship. The corporate income tax is an important source of government revenues in the corporate world. In order to understand the inter-dependence of private and public sectors as well as the contribution of private corporate sector to the economy, it is important to study the adjustments taking place in the private corporate sector as a result of imposition of Corporate Income Tax. In other words, the question of shifting and incidence becomes all the more important when the 'Corporate Income Tax' comes into picture.

Therefore, the knowledge of its shifting (or no shifting) is significant for policies designed for economic efficiency, fiscal equity and tax integration. By economic efficiency, we mean the influence of corporate income tax on the volume of capital employed in the corporate sector. The tax, if not shifted, is likely to have adverse effect on investment incentive of new investors as well as on the retained earnings. Similarly the knowledge of shifting (or no shifting) of the tax becomes essential for formulating tax policies towards fiscal equity. Moreover, a better knowledge of the shifting (or no shifting) of the Corporate Income Tax, among other aspects, will enable the policy makers to decide in favour of complete or partial integration of all taxes on income.

NEED FOR EMPIRICAL STUDIES

An answer to the question who finally bears the company tax cannot be given theoretically. Musgrave(1959) advises that one would need to go into the fact of the situation and decide the question of the incidence of the company tax empirically. The key question here is to arrive at an empirical index of shifting so as to establish the degree and direction of shifting of the company tax. Furthermore, as Sahni and Mathew (1976) point out it is necessary to decide upon the focus of the study in terms of measuring the short-run or the long run consequence of the tax.

In case of shifting indicators, the two frequently used indicators are:

i. The changes in rate of return on capital (ROR Approach),

ii. The changes in relative shares of factor income(Factor Shares Approach).

A majority of empirical studies like Lerner and Hendriksen (1956), Krzyzaniak-Musgrave (1963), Oakland (1969), Dusansky (1972), Roskamp (1965), Davis (1972), Spencer (1969), Dusansky and Tanner (1974), Kilpatrick(1965) and others have used ROR approach. Some authors like Adelman(1957) have reduced. The present tax concessions and allowances should be rationalized in order to achieve the desired social and economic objectives with greater certainty. Some steps have already been taken in this direction. The need is to build the momentum further by continuous improvement. Apparently, this presents a challenging job for both the economists and policy makers.

In the end, it may be admitted that the results of present study are subject to the limitations of data and the methodology used in the analysis. The conclusions depend heavily upon the data used, the statistical technique of multiple regression, the least-square method of estimation, the choice of independent variables and the choice of the ratios from which the inferences regarding incidence are arrived at. The question of incidence of the company tax in India cannot be settled till enough evidence is marshalled and the methodology is sufficiently sharpened to yield reliable quantitative measures of the shifting of the tax in different directions.

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Outsourcing Policy and Competitive Advantage – Lessons for Future

K. V. M. Varambally

In the present context, the concept of outsourcing has become prominent among business corporates. Multinational companies and largest business units resort to outsourcing to achieve operational efficiency in their production and distribution process. Outsourcing allows the business units to save their costs and focus on the core activities and strengthen their base in the competitive world. The present paper analyses the merits and demerits of outsourcing and provide guidelines to business units to safe guard their interest in the long run. This includes clarity of understanding between buyers and suppliers, long-term suppliers relationship, understanding of suppliers problems and build up better employee relationship management within the organization.

INTRODUCTION

The concept of outsourcing has been gathering importance among business corporates since it facilitates for cost effectiveness and operational efficiency in the production & distribution network. Outsourcing is procurement from external source or supplier for a component of the product or service by a business unit. Outsourcing reduces the internal managerial burden and gives leverage to a business firm to focus on the core activity it intends to do. Depending on its strength the firm can line up its resources and efforts to build up distinctive qualities or customer focused services. Outsourcing has become an effective tool to business organizations to achieve organizational effectiveness. Highly competitive market facilitates for expansion in customers choices. The changing customer preferences and required speed in the delivery systems compel the companies to go for outsourcing.

The term outsourcing can be traced back to division of labour advocated by Adam Smith in manufacturing process. It reveals that the efficiency and productivity in workplace enhances if the total task is divided into smaller units and allow the workforce to concentrate on it. This sharpens the dexterity of labour and enhances the total productivity of labour. The comparative cost advantage advocated by David Ricardo also becomes relevant while addressing the topic outsourcing.

According to this theory, a nation which has absolute advantage in production of both the goods but comparative advantage in production of one of them, it can focus on that commodity and permit other country in production of other commodity. Thereby, both countries gain in their focused production and trading transactions. The rational of this theory is relevant in the case of outsourcing. A larger organization instead of shouldering the responsibility of producing all the required components within, gains economically by focusing on core areas and leave the less core areas to another business unit.

OUTSOURCING - MEANING AND SCOPE

Outsourcing is the substitution of external purchase for internal in house manufacturing. Kotabe (1992) defines outsourcing as products supplied to multinational firms by independent suppliers.

The concept of outsourcing has been used interchangeably with business process outsourcing. However despite similarities, there is only a minute difference between them.

In outsourcing buyers entrust the responsibility to the supplier and the latter is free to complete the task in a most optimal manner working independently. BPO is a process under which the professional expertise of the supplier is exploited for a value added task by the investor. The function of BPO is a step further to outsourcing. It can be said that BPO is a specialized professional outsourcing process. However in the present analysis the concept has been viewed in a broader perspective and includes all external procurement goods and services including the BPO services.

The scope of outsourcing in general covers purchasing and disbursement, billing and collection, disadvantages and failures reported in some instances. However the advantages outweigh the disadvantages. For a large organisation outsourcing is inevitable.

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