India Recentred: The Role of Indian Diaspora in the Globalisation Process*

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Abstract

India has become the centre of the global IT industry currently, after long decades of its central position during the colonial periods as the British colonization took place around the Indian Ocean through the mobilization of Indian territory. As the Indian diaspora played a major role in the integration process during that period, present paper finds out a similar role played by the current Indian diaspora present in the IT industry to integrate the newer professionals in the global IT sector. The globalisation of the information economy started as a result of the lack of manpower in the western companies. This demand was fulfilled by the activity of "body-shopping" - the process of hiring the "techno-coolies" (cyber workers) by western software firms. India, being a major provider of such human resources, has recentred in the new place of the international division of labour. Indian diaspora played a significant role in it by establishing their reputation as employees already working in IT firms, revealing the employment opportunities in those firms to their compatriots, encouraging them to come and join those firms and finally helped them to integrate into the new society. Again India becomes the centre of the relocation of software production and IT enabled services as a new phase of international outsourcing started from the mid 80's. Here again the Indian diaspora played a major role to relocate the new centre of IT enabled services in India. Indian companies have gained from their consultancy as well as funding. Migration of IT professionals are still on as they try to enter into the global hierarchical labour market through various gateways. This migration strategy has been supported by the same "body-shopping" model. They first start with the gateway country such as Malaysia and continue their journey until they reach to their destination in Anglo-Saxon world. So this migration phenomenon is not bi-polar with one sending and one receiving country, instead it could be called multi-polar. Therefore, India is the centre of this multi-polar global system of migration structured by the body-shopping industry.

Keywords: Globalisation, Migration, Integration, Diaspora, Relocation, Information Economy, IT industry, Outsourcing, Techno-coolies, Body-shopping.

I. Introduction

In the actual phase of the globalisation Asia seems to take the lead. Both China and India have seen tremendous changes in their economy and society. Historians most probably will recall that the globalisation process is not new, and in fact they identified previous phases of globalisation where Asia had its share. In those analyses they highlight the role of diasporas in

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the process of globalisation. In his article "The Empire recentred: India in the Indian Ocean Arena", T. R. Metcalf proposes a paradigm shift of dependency relations between the colony (India) and its metropolis (United Kingdom) (Metcalf, 2005). He considered India not as a periphery, but as a centre from which radiates men, goods and ideas. The British colonization takes place around the Indian Ocean through the mobilization of the Indian territory in which they have secured control. The movement of people is from India in the direction of East Africa, South-East Asia and China (see Appendix). He stressed the role played by the Indian diaspora in the integration of territories around the Indian Ocean, thus making India the center of this settlement policy at the expense of the United Kingdom. The example of the movement of Indian IT professionals here will serve as a guide to reconsider the place of the Indian territory in the actual global space. Do the Indian diaspora play a significant role in the actual process of globalisation for India?

II. The Body Shopping: From Bilateral to Global

In 1990, the global IT industry suffers a lack of manpower, particularly in the OECD countries, first and foremost the United States. To cope with this shortage of human resources, they seek temporary migration. The stock of manpower was found mainly in India which became the only place able to provide vast contingent of young graduates in computer science speaking English. But beyond this linguistic characteristic often put forward to reflect the success of India in this field, we must take into account the history of migration between India and the USA over a longer period. Indeed, the linguistic and quantitative factors (the large number of graduates produced by Indian higher education) define a comparative advantage of the Indian territory, according to a classical economic interpretation. But this analysis ignores the long-time movement of people, and we have to study the process of building such comparative advantage.

Since the end of quotas against Asians in the USA in 1965 (Nationality Act Amendments), doctors and engineers from the most prestigious institutions like the Indian Institute of Technology (IITs) join this country to complete their training. Shortly after, they enter the American labour market due to links between networks of academics and businessmen. Within the U.S. companies they have built a strong reputation of Indian scientist because of the quality of their work. However, many of them have faced discrimination that closed their access to the highest positions of responsibility in the US companies. Then, some choose to become entrepreneur in a booming sector, not without difficulty. In early 1980, in Silicon Valley, it took many months to Kanwal Rekhi to find the $ 2 million venture capital for the establishment of Excelan[1].

The explosion of the demand for IT professionals induced by the expansion of the global information economy was filled by the activity of 'body-shopping'. India was the largest supplier of these cyber-workers, ironically called "techno-coolies". Heeks (1989) describes this practice of 'body-shopping', as follows: "This is the process by which Western firms send a list of their staff requirements to Indian software companies, who then send the required "bodies" overseas to work for that client". Indian companies produce at the customer site by sending groups of IT professionals to work on a project a few weeks to several months. They

[1] Kanwal Rekha sold Excelan two years later to the telecommunication giant Novell for $ 250 million. (See Singhal, A. and Rogers, E.M., 2001. *India's communication revolution: from bullock carts to cyber marts*. Sage: New Delhi, p 157).

manage the movement of these workers and ensure they return home at the end of the contract. This economic model has allowed the takeoff of the Indian IT industry whose exports rose from 12 million in 1982 to 4 billion in 1990. All major Indian companies - even some hardware companies like HCL - have converted to this model. In 1988, 65 percent of Indian software production was made through the export of their worker to U.S. Companies (Heeks, 1996).

But, in his description, Heeks didn't point out the central role played by the migrants, previously installed the United States, in the construction of this new economic model. They had a triple role in expanding the body shopping system. Firstly, they established the reputation of Indian IT professionals in this sector as employees and later as head of companies. Secondly, vis-á-vis their compatriots, they encouraged their movement. They revealed the employment opportunities in the United States to them. Finally, they helped them on the spot by offering training facilities for their integration into U.S. companies. The participation of Indians settled in the United States grew consistently to the growth of this market, which requires intermediaries between the U.S. and India. Begun on a very informal manner, body shopping became more structured with business consultants dealing with the placement of Indian IT professionals, there were nearly 1,000 body-shoppers at the height of this period in 2000.

The mechanical interpretation of an exchange of labour between two territories, one in deficit, the United States and another in surplus, India, ignores the processes to build these exchanges. Along with this shortage of IT professionals in the OECD countries, India sees the proliferation of new training businesses such as Aptech and NIIT throughout the subcontinent. These private companies have built the comparative Indian advantage by training the programmers required in developed countries. While the first Indian scientists to settle in the USA were from the prestigious IIT, "techno-coolies" after 80-90 years are the products of this training process of lower skill workers. The first analysis of this model of "body-shopping" underscores the crucial role played by networks of migrants in the control of one end of this chain of international IT specialist. At the turn of the millennium, a second model of "body shopping" took place, in which networks of migrants acquire a more important weight to create the vital links of the global system of IT professionals.

The second model identified from the Australian case by Xiang Biao (Xiang, 2007) fits to an evolution driven by the globalisation of the information economy. In the first system in place in the United States, body shopping firms served as intermediaries between U.S. firms and Indian companies seeking contracts. While in the second model the firms of body shopping manage themselves the workers. The company (body shopper) recruits Indian IT professionals to place them in another company (the contractor) in search of manpower to carry out a project. They are temporary employment agencies specialized in the recruitment of international IT professionals, chartering staff for a third company. Unlike a placement agency, the body shopper manages employee for the contractor. The IT professional is paid by the body shopper who collects its benefit directly on the employee's earnings.

The evolution of the first model of body shopping came from the demand for greater flexibility and mobility of the workforce by companies in an increasingly globalized world. For example, their products must be adapted to different national markets. These multinational corporations have increased the mobility of engineers carrying out these adjustments on customer sites. On the other hand, very large variations of activities in the

sector related to stock market fluctuations and the continuing restructuring of these companies have increased the flexibility of the workforce. Companies have responded by increasing their outsourcing activities. The new management system of IT professionals is based on two main features: the hierarchical networks of placement agents and their ability to keep a portion of the workforce ready to employ (Xiang 2007). Firstly, the multinational companies have resorted to large temporary agencies, which supply themselves with smaller agencies, thus creating a chain of recruitment at the base controlled by body shopper from India. Those responsible for recruitment in India, take over the transport and visa procedures of the IT professionals. To cope with urgent requests from companies, body shoppers still keep a labour surplus on the spot, i.e., IT professionals pending a contract. They are "on the bench," in stock, without salary, and thus in a precarious situation.

In our own research in Malaysia, we found that this body shopping activity was practised by companies registered with the Malaysian Multimedia Super Corridor (MSC)[2], but also by Indian companies as an exclusive or partial activity (e.g. HCL). According to estimates obtained from our informants, the body shopping represents 80 percent of the international recruitment of Indian IT professionals. Although the regulation of labour migration is very strict in Malaysia, these companies enjoy a relaxed regulatory environment, to enter the IT sector. Thus, theoretically a company registered with the MSC, can recruit only to develop its activity. In reality, body shopper or companies practicing body shopping, recruit IT professionals in surplus in order to cope with a variable demand in computer services. They need only to submit a business plan to expand their workforce and to obtain necessary approvals. That is why big companies or multinational companies operating in Malaysia prefer to use this workforce because they do not have to manage these fluctuations in activities or the immigration process.

To recruit in India, agencies can rely on their own network of contacts, or appeal to other agencies in India. It is noteworthy that the interpersonal dimension in the recruitment of IT professionals was often reported by the interviewees. The IT professionals are often sought by the company to find replacement when they leave their posts. When they go back to India between two projects, Indians behave as recruiting agents in their family networks, their former professional networks or networks of alumni who are powerful relay of information in this professional community. Thus migration chain starts that involves the organization of networks and explains the spatial concentration observed in the origin of temporary migrants, mainly in Andhra Pradesh and Tamil Nadu in Malaysia. A part of migration process is also built through personal initiatives. Some Indian IT professionals try their luck spontaneously. One of them described to us his first unsuccessful attempt to settle in Malaysia, which had cost about $ 1,500 divided into two parts, one for the airfare and second part for living expenses.

The body shopping system which was born in the United States to meet the strong labour market demand for IT professionals, has been transformed in the early 2000, in a globalized system of recruitment and movement of IT professionals. In this new international division of labour, India has specialised in the production of IT professionals, thanks to migrants'

[2] Along the model of science parks, the Malaysian government has identified in 1996 a broad corridor of 15 km and 50 km long, stretching from the Petronas Towers in the heart of Kuala Lumpur to Cyberjaya, a high technology city located next to the new political capital Putrajaya, to concentrate the investment in new technologies.

networks which have served as intermediaries to the United States, then as body shopper on the emerging markets of Asia, South-East or Australia. These migrations and circulations have greatly contributed to recentre India in the global space, in its new place in the international division of labour as a first step, but also to become a centre for software production and services.

III. India Recentred

After remaining for a long time on the sidelines of globalisation, India through its information technology industry made its place in the global economy. If the share of India in world trade remains modest 0.8 percent in 2003 against 8.8 percent for China, international trade in India has a growing share of the wealth created. Exports account for 34 percent of GDP in 2004 against only 17 percent in 1990. The industry of information technology has greatly contributed to the new position of India as it now represents 5.5 percent of GDP, and 75 percent of the revenues generated through exports ($ 30 billion in 2007).

From the mid-80's, begins a new phase of international outsourcing. It was the time of relocations with the new economic model of Overseas Development Centre (ODC). The first was established in Bangalore by Texas Instrument and General Electric in 1984-85. It took a decade for this trend to develop, whereas the old model of body shopping continued in parallel. Pandey et al. (2004) describe this development: "It is worth pointing out that the shift to the new business model was gradual because the savings even after sending Indian IT programmers to the US were quite large and many IT companies continued to follow the old model and send their programmers to the US, the UK, and Canada". Consequently the share of work on site decline, it represents now only 43 percent of exports in 2003. The new model of relocation became clear when the countries had to deal with the "Y2K problem". The change of date at the new millennium meant for the computers to rewrite many lines of computer code. This task was not very qualified but very work-intensive. With the impossibility of moving so many programmers on the site, these are programs that have been sent to Indian companies to be modified.

In this new phase, networks of migrants have also played an important role for two reasons. Firstly, it was more convenient for multinational companies to send employees of Indian origin to manage the Overseas Development Centre in order to resolve local problems. To interact with the bureaucracy at various levels and to cope with incomplete infrastructure, multinational companies indeed need to know their cultural knowledge and their language skills. Members of the diaspora with executive positions in these companies have also played a crucial role to convince their American colleagues to relocate (Sahay et al., 2003). Secondly, the Indian pioneers of the first phase, which had made enormous success in Silicon Valley at that time, have begun to invest their time and money to open businesses in India. Through associations such as TiE, The Indus Entrepreneurs (Lal, 2006) or SIPA – Silicon Valley Indian Professional Association (Saxenian, 2000), they helped new Indian IT entrepreneurs with their advice. Through their contacts in Silicon Valley, they also helped them to find capital. A recent study of their participation in venture capital in Bangalore shows that nearly 50 percent of new Indian companies have received funding from the diaspora (Upadhya, 2004). The city has served as a "corridor" for the return of a large number of Indian IT professionals from abroad (Khadria, 2004; Khadria and Leclerc, 2006).

Very quickly, India acquires a central place in this world system. India became the preferred destination for the relocation of software production and IT Enabled Services with 24 percent share of the global market in 2002 (Upadhya, 2004). In the highly lucrative business services its share is even 67 percent of the global outsource market. After the functions of call center that does require only language skills, now all services without direct contact with customers are affected. The development reached now the Research and Development activities. According to a study by the Administrative Staff College of India, over 77 large multinationals have set up research centres in India. While India can not be distinguished by its production of computers, it attracts laboratories specializing in the design of microchips. Among the big names in information technology present in India, one can cite IBM (70 researchers in New Delhi), Microsoft (250 researchers in Hyderabad, 700 for the USA) or traditional industries that have relocated their Information Technology departments in India such as General Motors (CNET news.com, 2004).

But India also acquired a central place in the global movement of IT professionals whom it provides a large contingent. During our research in Malaysia we found that for 90 percent of the Indian IT professionals it was their first expatriation. In order to analyze their migration project, we have also asked them what they would like to do at the end of their sojourn in Malaysia. 75 percent wish to continue their migration to other countries, with a final destination in the Anglo-Saxon world and at the first place in the United States. Malaysia is therefore for many Indian IT professionals, the gateway to a global and hierarchical labour market. Between the logic of multinational companies and migration policies of the States, here comes a couple of individual geographic mobility and career advancement. A first professional experience is essential to enter Malaysia, the same way that several international experiences will eventually open the gate to the United States. However, these individual strategies are very rarely exercised independently; they are institutionalized by the body shopping model.

Body-shoppers do not deal only with placement of the IT professionals they have recruited, but they adapt to their labour market in rapid evolution. They often provide the training function either in the country where they are located, or in India. Xiang Biao cites the example of body shopping companies based in Australia who are becoming trainers according to a circuit similar to their other employees, to complement the knowledge of the latter, but also add that skill to their activity (Xiang, 2007, p. 28). In addition to a lower wage costs, these trainers have a vast knowledge at the forefront of latest developments. When private training institutes in India have grown, they have managed to form quickly and in large quantities programmers for Microsoft. In return, the computer giant has entered into agreements with such companies as training NIIT (National Institute of Information Technology) to provide the latest versions of their software. This relationship has since been extended to other companies as Oracle, CITRIX. India is now a global centre for the training of IT professionals. The chartered personal benefits of their regular return to India to maintain their knowledge capital namely, completing their training. Sometimes it's their employers who enter into a contract with a training institute for this upgrade.

The temporary migration of IT professionals in Malaysia is different from other Indian migration stream because the migration movements are not bi-polar, with a sending and receiving countries, but multi-polar and hierarchical, focusing on global cities (Sassen, 2001). However, the path of the mobility is not static, because the changing economic situations and policies can redirect migration flows. After the raid in the real estate complex of Palm Court

in Kuala Lumpur in March 2003, conducted by the immigration department of Malaysia during which they arrest 300 IT professionals, the country has become less attractive to them. Secondly, these movements are organized by companies that operate derogatively to the immigration policies of countries in need of highly skilled workforce. Accompanying the restrictions on permanent immigration policies of industrialized countries, the system of body shopping exploits loopholes allowed by those laws in favour of temporary mobility. It is this combination between employment flexibility desired by companies and the institutionalization of migration through the system of body shopping that gives longevity to these migratory routes. We can therefore read these migrations as a multi-polar global system structured by the body shopping industry with India at its centre (Xiang, 2007).

IV. Conclusion

Analyses of movements on the global scale noted an uneven trade liberalization according to a gradient of mobility along this decreasing order capital, goods and men. These migrants constantly face new obstacles whether technical solutions, walls covered with the latest remote sensor, or more selective migration policies. Therefore, the victory of networks against territories seems very weak in terms of human mobility. The relationship between territory and movement must be analyzed in all its complexity, taking into consideration the resilience of the first and the undeniable dynamism of seconds. If we take into consideration the analysis of Metcalf, and expand its scope into the 21st century, we can conclude that today, the scale of networks and movements of migrants from India is global, but the consequences for the territory are the same. In the 19th century, India was at the center of the imperialist English project in the Indian Ocean. Now-a-days, we find a similar situation with other actors, the role of the United Kingdom being held here by the United States, the new global economic center. This is true for all the migrants who are once again circulating from India, the low-skilled workers in the Gulf (Rahman, 2001; Jain, 2003; Zachariah et. al., 2003) as well as for the brains that we studied in this contribution. The scale is not the same but these are the circulations that bring India to a central position. These circulations of migrants imply now also more intangible assets (programs and services) and certainly ideas.

Appendix

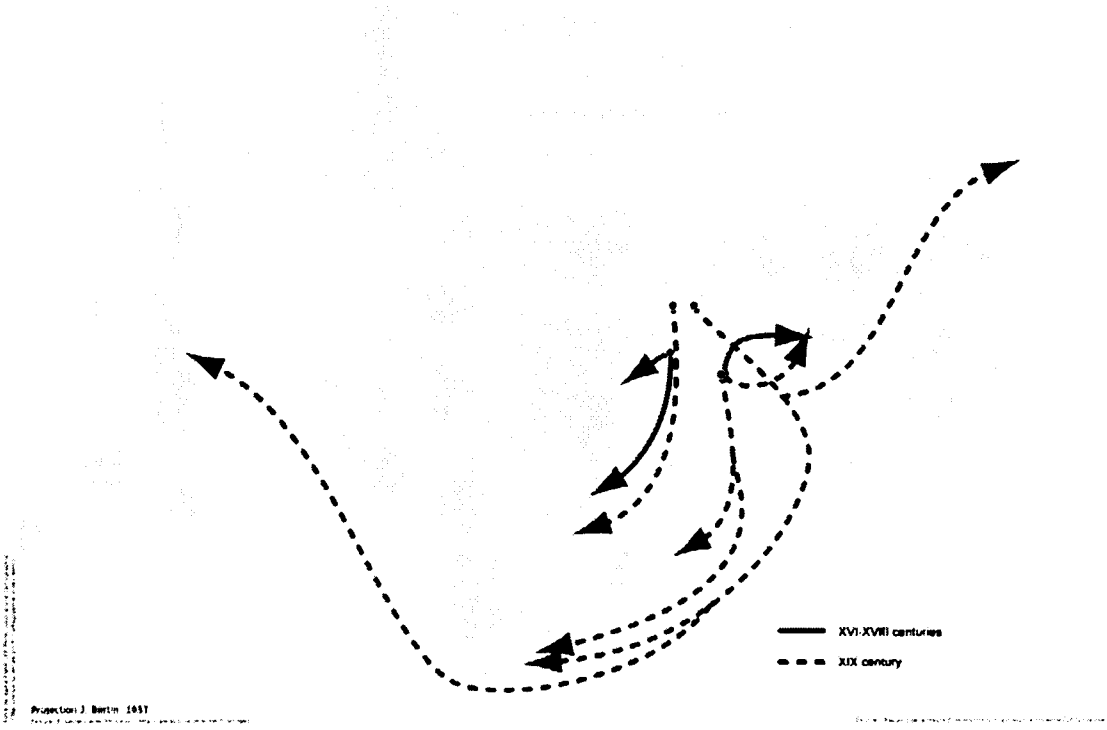

Fig. 1: Indian Dispora: XVIth to XIXth Centuries

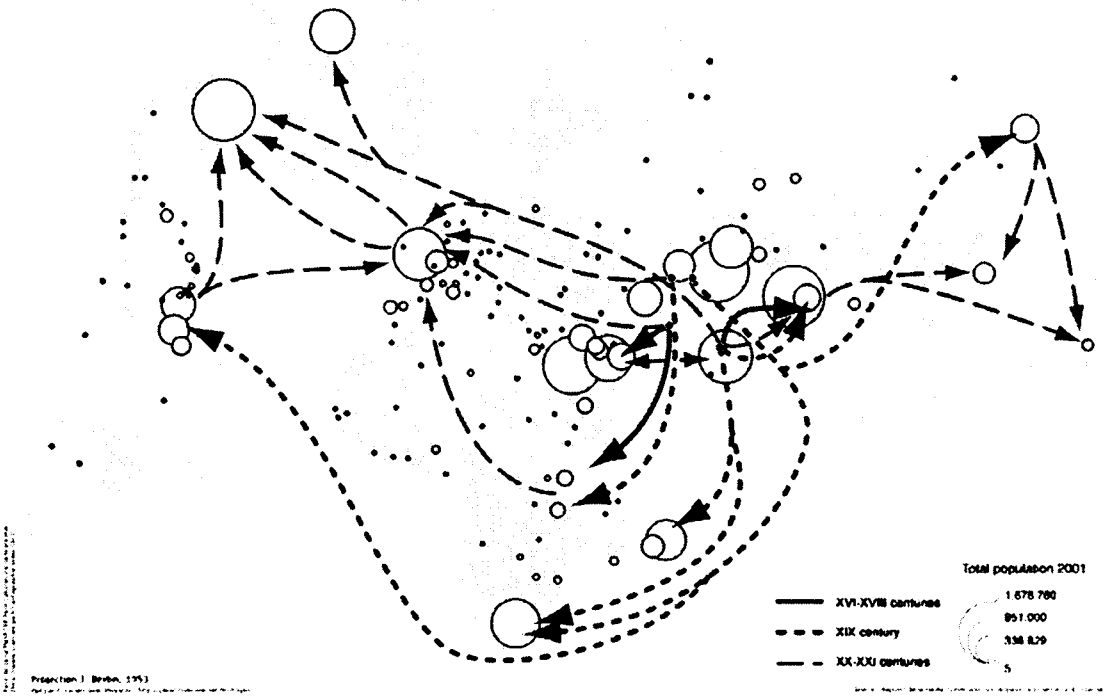

Fig. 2: Growth of Indian Dispora's Networks (XVIth–XXIst Centuries)

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