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Xiang Biao: Global "Body Shopping"

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Introduction

This ethnography is about embeddedness and disembeddedness—about how new human connections and disconnections are created and ultimately contribute to a process of abstraction in global capitalism today.

Consider the following. Flying in the face of an industry projection of a labor shortage of 850,000 in the information-technology sector in the United States for the year 2001,¹ the first eight months of that year saw more than 350,000 high-tech workers, mostly in IT, laid off,² a figure climbing to 600,000 by November.³ And in another twist, the period 1998–2000 found delegations from more than twenty countries coming to India to recruit IT workers,⁴ but in May 2001, some 50,000 Indian “computer whiz-kids” in the United States were reportedly jobless.⁵ These scenarios immediately prompt at least two questions: How is skilled labor managed internationally to serve an extremely volatile global IT market? And what are the experiences of these skilled migrants in the so-called New Economy,⁶ where “risk, uncertainty, and constant change are the rule, rather than the exception” (Atkinson and Court 1998, 8)? These concerns impinging on the livelihood of overwhelming numbers of migrant workers also underscore the relevance of a more general area for critical inquiry, namely: How are social relationships being restructured in response to economic globalization?

This book presents a configuration of the India-based, global labor-management system in the IT industry known as “body shopping,” focusing specifically on its operations through Hyderabad, India, and in Sydney. Spanning the period 2000–2001 that immediately followed the frenzied demand for “Y2K” software fixes worldwide (to prevent computer systems

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from mistaking the year 2000—coded as “00”—for 1900), my narrative traces how this volatile global industry is constructed through concrete human relationships. My study gives centrality to labor—a much neglected or even deliberately omitted dimension in public discourse about the New Economy and its crucial underpinning IT—and shows how global high-tech hubs, such as the iconic “Silicon Valley” of Palo Alto in northern California, are intimately connected to women and children in rural India through the processes of IT labor production and surplus appropriation. Thus, this account constitutes a “global ethnography” not just in the sense of documenting how people behave transnationally, but also in clarifying how different regions of the world are related to each other institutionally and structurally.

Related to this perspective, the current round of economic globalization, which started in the 1970s, is understood as a continuation of a process of abstraction that has been central to the evolution of capitalism. Undeniably, the process of abstraction whereby markets *disembled* from familial, religious, and communal relationships to become an autonomous and dominant social force has gathered considerable momentum since the 1970s. The flexibilization of the labor market, economic deregulation and decentralization, and the globalization of financial markets with the revolution in IT, in particular, have significantly freed the market from tangible social relations and from the primary institution managing public life, the nation-state.⁷ The bewildering abstraction in the global New Economy is well portrayed by Castells (1996, 474) as:

ultimately dependent upon the nonhuman capitalistic logic of an electronically operated, random processing of information. It is indeed capitalism in its pure expression of the endless search for money by money through the production of commodities by commodities. But money has become almost entirely independent from production, including production of services, by escaping into the networks of higher-order electronic interactions barely understood by its managers. While capitalism still rules, capitalists . . . prosper as appendixes to a mighty whirlwind which manifests its will by spread points and futures options ratings in the global flashes of computer screens.

Besides the abstraction of economic practice, there is the conceptual abstraction resulting from the ascendance of formal economics (and its professionalisms) both in the social sciences and in public discourse (Polanyi 1957b; see also Carrier 1998a). Neoclassical economic thinking has become so pervasive in the real world that “virtualism,” as Carrier and his associates (1998) argued, has become a *de facto* feature of economic life. Policy-making and economic regulation increasingly conform to abstract, mathematically derived, and virtual (presumed universal) economic “laws”

rather than responding to observations of the ground realities—actual people’s real needs. Institutions such as the World Bank, the International Monetary Fund, and the mushrooming master of business administration (MBA) courses worldwide have been the backbone of this process of (professionalized) abstraction. Neoliberal⁸ thinkers no longer need worry that their prognostications are criticized as ignoring stark ground realities—they are inventing a new one.

Yet, despite the powerful trends of abstraction and virtualism in economic practice and thinking, anthropologists have primarily been trying to make sense of the world by emphasizing “embeddedness,” focusing on how economic activities, no matter how abstract and global, *still* depend on and are still shaped by concrete human connections (e.g., Eriksen 2003). For example, in studies of transnational migration—an important dimension of globalization—much of the existing anthropological and sociological literature has explained it centrally by the existence of “networks” in which migratory flows are said to embed (Boyd 1989; Brettell 2000; Moretti 1999; Portes 1995; Tilly 1990; Zahniser 1999; for a recent critical review, see Krissman 2005). Indeed, according to Douglas Massey (1990; 1994; Massey et al., 1987; Massey et al., 1993; Massey et al., 1994), one of the defining figures in migration research of the last two decades, migration is so strongly embedded in and determined by networks that it would become progressively independent of the original macro-socioeconomic causes and eventually come to a stage of autonomous existence. Certainly such insights provide valuable correctives to the neoclassical universalistic view of society and atomized view of actor, but there is a danger here of losing sight of the overall trend of social change. For most people, the real pressing questions concern why and how their society is changing so fast, rather than what has *not* changed. People may need to be told that ethnic networks still matter in migration, but they are keener to know, say, why IT professionals were constantly on the move and why they made a fortune by creating nothing but Web sites. By emphasizing “embeddedness,” anthropologists and sociologists have perhaps asked the wrong question in the first place about how economic activities—as though imposed from outside—are inserted into social relations. A more fruitful question may be exactly the opposite: how people *develop* social relations—seen as a holistic process of which their economic activities are a part—that lead to economic globalization.⁹ A point here is: Are anthropologists up to the task of explaining such phenomena as the emergence of the stock market?

This book attempts to take up this challenge. On the one hand it demonstrates that the process of abstraction is by no means an inevitable consequence of “economic laws,” but is constructed and sustained through the rearrangement of various institutions, the interplay between unequal

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socioeconomic relations at different levels, and the establishment of particular ideologies. On the other hand the book stresses that while abstraction is strongly conditioned by established institutions (in the present case ranging from caste and dowry in India to labor and immigration control in the destination country), it should not be seen merely as a process of embedding. For instance body-shopping operations were based on networks, but the networks, far from appearing to embed Indian IT professionals' mobility, render it with more uncertainty, precisely by facilitating multiple, global, and multidirectional movement to escape as well as exploit economic volatility, and have thus overall contributed to a process of *disembedding* rather than embedding. Before turning to the dynamics internal to body shopping (summarized as ethnicization, individualization, and transnationalization), it is necessary to establish the basic characteristics of this labor-management system against a historical and institutional background.

Body Shopping: Brief Overview

Body shopping is arguably a uniquely Indian practice whereby an Indian-run consultancy (body shop) anywhere in the world recruits IT workers, in most cases from India, to be placed out as project-based labor with different clients. Unlike conventional recruitment agents who *introduce* employees to employers, body shops *manage* workers on behalf of employers—from sponsoring their temporary work visas to paying their salaries, arranging for accommodation and the like. Thus, workers do not enter into any direct relationships with their contract employers and can be retrenched at any time, whereupon the body-shop sponsor either is able to place them out to a different client or puts them on the bench to await a placement. Acting in association, body-shop operators link up with each other in the same region or in different countries, sending IT workers to where they are required. Although it is almost impossible to accurately estimate the extent of this global business, it is enormous. At any given time during 2000–2001 there were perhaps over one thousand agents specializing in the supply of temporary Indian IT workers across the United States and hundreds in northern California alone,¹⁰ and these agents were managing as many as 20,000 IT workers in the United States.¹¹ During my fieldwork, most of the Indian informants estimated that no less than thirty-five body shops were managing more than 1,000 Indian IT workers in Sydney in late 2000.

Quite the opposite of what is usually assumed, software development and services are highly labor intensive, particularly at the phase of programming (coding a software design into computer languages) and test-

ing, or debugging (removing errors in program design). Most of the Indian IT workers migrating through body shopping took on such tedious, unrelentingly monotonous, and low-paying “donkey work.” Hence, some informants suggested, the term—made up of “body” (rather than “brain”), indicating the labor-intensive nature of the work, and “shopping,” which implies quick and easy purchases—in contrast with what is conveyed by the phrase “head hunting” used for senior IT positions and in other professional recruitment. To reflect this aspect of their work and more importantly their position in the labor market, this study refers to those managed by body shops as “IT workers” although they and the body-shop operators called them “consultants” or “IT professionals.”

It is important to clarify at the outset that the global labor supply and management scheme of my study is not synonymous with an earlier, officially endorsed and similarly tagged practice in which India-based companies sent their staff to provide on-site software services for overseas clients, and these employees, who received an overseas allowance on top of their regular salaries, returned to their offices once the project was completed. The term “body shopping” first surfaced in this context with the establishment in 1974 of Tata Consultancy Services (TCS) in Mumbai, India’s first export-oriented software-service company.¹² The body-shopping practice of my study developed during the late 1990s and is distinguished by quite different terms and practices. First, the ubiquitous practice of “benching” workers: quite simply, IT workers sponsored to enter a destination country on a temporary work visa without any prior job opening were “put on the bench” upon their arrival and subsequently, between job placements, without being paid or given a nominal stipend. Second, body shops—the term I use exclusively for the Indian consultancies engaged in the IT labor recruitment since the late 1990s—functioned in association with a chain of placement agents. This was largely because big corporate clients now outsourced their labor-management tasks to a single or a very limited number of large placement agents only, and body-shop operators, invariably small players, thus had to secure job openings through other placement agents who liaised with, often through yet another layer of agents, large corporations. Each agent in the chain took away part of the worker’s monthly wage as part of the deal.

Whereas the earlier on-site services emerged primarily as a response to the labor shortage in the West, benching and agent chains are outcomes of various newer developments in the global IT industry and beyond. The widening application of Internet technologies enabled corporations to deterritorialize their production and management to an unprecedented extent, producing huge demands for IT workers. More importantly, since software packages had to be customized for the specific needs of different projects, it became necessary for IT professionals to move from one on-site

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project to another. The “financialization” of the high-tech industry in the late 1990s—whereby industry ups and downs were determined by stock-market impulses—made large-scale firings and hirings an everyday event. The IT industry has thus needed not only a sufficient supply of skills but a mobile workforce so that it can respond to market fluctuations with minimum time lag. The need for the Y2K fix toward the end of the 1990s spurred a tremendous expansion in body shopping and further reinforced the practice of benching, which became entrenched during the following dot-com boom.

The specialized recruitment of Indian IT workers through body shopping also operated against a deep-rooted institutional background. On the one hand governments in developed countries have been rationalizing their immigration policies to facilitate the immigration of IT professionals since the early 1990s, such as the U.S. H-1B visa introduced in 1992, which allows foreign professionals to work for three years, renewable up to six. (Well over half of the H-1B visa holders were IT professionals.) But on the other hand governments still impose certain restrictions on companies in order to protect local labor and minimize any possible burdens on the state welfare system. In Australia, for example, it is technically illegal to sponsor the entry of foreign workers without confirmed job openings and for the sponsors to not pay these workers even when they are not working. Meanwhile, however, IT corporations require a smooth flow of immediately available short-term skilled labor. Body shopping removed the friction caused by state regulation by circumventing it: the benching practice of bringing in workers beforehand enabled corporations to select and dispose of workers anytime; agent chains freed large IT companies and the placement agents handling their labor management from obligations under the labor laws. The arrangement of agent chains made a highly externalized labor market comprising countless individual workers and brokers quite manageable from the industry’s point of view. Furthermore, since the migrant workers shouldered the main part of the costs of relocation and of being benched, body shopping did not undermine the interest of the state or society in the receiving country.

The two forms of body shopping, despite the differences, appear almost identical in formal documents like visa applications. Except for a small proportion of IT professionals traveling on business visas for company projects overseas, most foreign workers must be sponsored by companies in destination countries to enter on a temporary work permit. As with client-company sponsors for the Indian consultants sent overseas, body-shop operators always claimed on paper that they were technology companies hiring workers for their own projects. This was not always a false claim. It is important to stress that a body shop, particularly in the

destination country, was often a hybrid of a labor-placement agent, a software-services provider, a software-development house, and sometimes an IT training institute.¹³ They also used benched workers for their own software development or training from time to time, and superficially this made the workers look like their “employees” who might then also be assigned to their “clients.”

The hybrid nature of body-shop consultancies lent them great leeway in operating transnationally and differentiated body shopping from other international contract-labor migration schemes, in particular those for guest workers in western Europe in the 1960s and 1970s, and from project workers and contract laborers in Middle East countries and other regions. By being registered as high-tech firms, body shops were not held to the regulations imposed on registered labor agents, whether in India or the receiving countries; and by projecting the workers sponsored overseas as members of joint projects, they also circumvented some migration regulations. Thus, body shops not only brought workers from India to Australia, say, but also placed workers in a third or fourth country via Australia. Multiple mobility between various countries over a short span of time, rare for other migrants, was common for Indian IT workers. Body shopping matched mobile labor to volatile capital and was deeply integrated into the global New Economy.

Ethnicization, Individualization, and Transnationalization

At first glance, the body-shopping practice fits well with the anthropological embeddedness narrative of globalization: it is global yet ethnicized. The business remained an “Indian” phenomenon, not found among other sizeable groups of, for example, migrant Chinese, Filipino, and Brazilian IT professionals. In fact, the scale and reach of body-shopping operations had in a way led to an “ethnicization” of the entire global IT labor force: Indians constituted 74 percent of all computer-related H-1B visa holders in 1998–1999 in the United States (INS 2000) and 78 percent of all the foreign IT professionals entering the United Kingdom in 2002 (Clarke and Salt 2003, 572). The H-1B visa has even acquired the moniker “Indian visa.” One informant told me that when one of his friends applied for a job as an accountant in the United States and asked why she was instead given a job as a computer programmer, the answer was: “You are Indian, you can do this.”

The ethnicization of body shopping, however, had little to do with “ethnicity” as it is usually understood, since Indian Hindus, Muslims, Sikhs, and Christians were basically treated the same in body shops. Ethnic

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networks were important insofar as the cultural attributes they carried enhanced the assurances of complicity that enabled body-shop operators to get around state regulations—yet keep up the appearance of operating within them—and to control or expect compliance from the workers they sponsored. On occasion, body-shop operators in Sydney brought in non-Indian workers (mostly Filipinos) only if there were genuine job openings waiting for them; and when these workers were laid off they were not put on the bench without pay but received partial salaries, as if they were on vacation or medical leave. One body-shop operator in Sydney sent a few white Australian IT workers to the United States but did not repeat the attempt after they refused to share bedrooms with the Indian workers. When I asked both workers and body-shop operators why body shops managed Indians only, most replied that this was “a professional choice”: Indians were simply the world’s best in IT! Thus, even in rhetoric, it is perceived professional excellence, rather than cultural distinctiveness, that served as a base for the process of ethnicization.

Ethnicization is also related to the dynamic inherent in body shopping. Entrepreneur-aspiring IT workers accepted the conditions of migrating through body shopping not only because this was seen as the first step for entering the global market, but also because they often started accumulating initial capital by acting as subagents or by setting up body shops themselves. Subar, a young Telugu who went to Sydney through a body shop in 1999, had “something burning in the heart, a sort of anger” to run a business of his own and had registered two companies by early 2001, one of them for body shopping. Body shopping was regarded a particularly feasible starting point not only because it required low investment, but more importantly, because it facilitated other IT businesses by generating quick cash flows, developing client connections, and providing free (benched) labor. While earlier body shops ceased the business after upgrading to become fully-fledged technology firms, new ones were set up bringing more Indian workers to the global market and perpetuating body shopping as an “ethnic” business.

In examining the internal mechanisms of so-called ethnic economies, existing literature has pointed to the collective social forces in that particular ethnic community (for example value introjection, reciprocity transactions, bounded solidarity, and enforceable trust; see Portes and Sensenbrenner 1993).¹⁴ However, accompanying the ethnicization of the body-shopping business are not the forces of a bounded collectivity, but rather a process of *individualization*—the tendency among Indian IT workers to size up their surrounding society and make decisions on individual rather than collective terms. Taking “workers” as one category and talking about “workers versus sponsors,” as I did during interviews in the beginning of

my fieldwork, was seen as naïve. “Everyone is different,” was, I found, the view that practically everyone shared. It was a common practice that before being placed for the first time, workers were not paid but that between subsequent placements they might be given a stipend, even though in both cases they did not bring earnings to the body-shop operator. The reasoning was that until getting their first placement, workers had yet to prove their “merit,” and, therefore, the body shop was not responsible for their unemployment, but once having proved their employability, workers were treated differently. Once again this was projected as part of “professionalism”: people should be treated solely according to merit—as validated by the market, of course.

This individualization did not necessarily imply any change in the basic conceptions of personhood, nor did it make Indian workers more “individualistic” in the sense described by Western social theorists.¹⁵ Most of my informants took particular pride in maintaining “Indian culture” (being family oriented and religious) while at the same time succeeding in the global market. Individualization in the case of my informants was less about “self” and essentially about the perception of society—particularly how one should apprehend uncertainty. Central to this perception is the belief that market flexibility and uncertainty made personal merit the key for individual success; group solidarity or group-based conflict of interests (e.g., employer versus employee) were not relevant. Indeed, benched workers would see benching as due to market “mismatch,” a lack of “merit,” or just plain luck, for which their sponsors were not to blame. The individualism of the Indian IT workers also justified hierarchic differentiation as natural, because every individual has different merits, which was again crucial for maintaining body shops’ control of workers.

Owing to the process of individualization, the ethnicization of body-shopping operations did not generate the negative effects of collectivity such as the leveling pressures that discourage members from becoming too successful in the mainstream society (Portes and Sensenbrenner 1993). Far from that, body-shop operators encouraged workers to move up. If a worker left his sponsoring body shop to join another he would be threatened, but if a worker left after becoming a permanent resident (PR) in Australia (and no longer required a sponsor) or finding a job in the United States, even before completing the contract period with the sponsoring body shop, he would be congratulated. Becoming an Australian PR or going to the United States was considered a winning promotion, and, with successful examples in their fold, a body-shop operator could expect to attract more good new workers. Those who moved up, in turn, helped to expand the body-shopping networks worldwide as subagents. In short, individualization individualizes risks—that is, it disperses risk to individual

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workers to the benefit (profit) of body-shop operators—even as it individualizes opportunities for upward mobility, enabling the body-shopping scheme to continue expanding.

An important condition for the intertwining of ethnicization and individualization is the process of *transnationalization*. Transnationalization of body-shopping operations was impelled by IT workers' desire for personal career success, for which multiple transnational mobility was almost indispensable. In order to recruit highly qualified IT workers from India, a manager at Mastech, a large Indian-run global IT service company headquartered in the United States,¹⁶ told me: "We have to emphasize that we can provide *global opportunities*. After working one year in Australia, we can send you to Canada, America, or Europe." But why are *Indian* IT professionals in particular globally popular? Behind the obvious reasons, such as high qualifications, low wages, and large numbers, is the high *transnational* surplus value that they embody, which can be measured as the disparity between the input for producing IT labor in India and the prevailing wages in the global market. The ethnicization of body shopping is thus fundamentally a reflection of an international division of labor where India specializes in producing (even overproducing) IT labor. The transnationalization of body-shopping operations enabled Indian IT workers to pursue individual success in the disembedding global market, but was itself situated within the established international economic order. Thus the intertwining of individualization and ethnicization.

For this reason, the transnationalization of body shopping by no means implies the emergence of autonomous "transnational spaces," as some literature of transnationalism suggested (e.g., Pries 2001).¹⁷ What can be ascertained is instead a "world system of body shopping"—a system comprising bounded nation-states that occupy differential positions in IT workers' migration strategies, and that assume mutually complementary functions in the global body-shopping business. This world system of body shopping was dominated by two centers: India and the United States. Before moving on to a new country from Australia, Indian workers went back to India almost as a matter of routine to attend courses to upgrade their skills and consult body shops there for information on hot opportunities in the world labor market. And it was often body shops and IT firms in India that put their counterparts in Australia in contact with those elsewhere. India was thus not only a source country of flexibilized IT labor, but also a coordinating center for global labor mobility. The United States stood as the major destination point and as the reference standard when IT workers compared the pros and cons of possible destinations that might lead them there. While India contributed the most valuable assets to the global IT industry, the United States attracted ready-made, highly qualified IT professionals from all over the world. Australia,

along with Canada and the United Kingdom, served as bases of security that were essential to sustaining the hypermobility because markets there were less volatile, welfare policies generous, and applications for PR status met with relatively high success. Apart from these countries, there are gateway destinations that were seen as entrances or springboards to the global market, including Malaysia, Singapore, Hong Kong, and some Middle East countries; the satellites of the U.S. market, namely the Caribbean and Latin America; and finally, the new frontier zones of non-English-speaking industrialized markets that held out some promise for significant numbers during the slowdown, particularly Germany, Japan, and South Korea.

In this world system, Indian IT workers' seemingly expansive, multi-directional flows and networks have in fact deepened the concentration, rather than dispersing of wealth, power, and influence to certain loci and groups. The transnationalization of body shopping is important not because it created new cross-border flows and links, but because it embodied new strategies for wealth creation, new means of value transfer, and new forms of inequality. The process of abstraction, represented by the intensified transnational mobility of capital and labor in the present case, is to a great extent created by *and* sustains the global status quo.

Structure of the Book

In order to reveal the internal workings of body shopping and its broader institutional significance in an integrated manner, this book is structured in the following way. Chapter 1 provides the institutional background of body shopping. Chapter 2 documents how an astonishing amount of resources was channeled to the production and overproduction of the IT labor force in Andhra Pradesh, particularly through the institution of dowry. Chapter 3 demonstrates that based on the massive labor pool, body shops in India were not only able to provide especially cheap and flexible labor to the global market, but lived on the workers by charging them various fees and utilizing their free labor to survive the market slowdown.

From chapter 4 on, the book details the business operation of body shops. Chapter 4 traces the developmental trajectories of body-shopping businesses in Sydney, particularly how they evolved in overlapping with other IT operations. Chapter 5 focuses on the structure of agent chains in which recruitment agents of different sizes depended on each other by assuming different functions in dealing with the market, the state, and the workers. In these chains, body shops carved out their niche by benching. Then how did the body-shop operators elicit compliance from the benched workers? Chapter 6 suggests that the answer lies in various sets of relations: those between body-shops operators and the larger Indian

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community in Sydney, between body shops, workers, and middlepersons, and among workers themselves. Equally, and possibly more important are workers' career strategies, which made it a vested interest for some workers to reinforce the body-shopping practice.

Chapter 7 asks the question: does body shopping indicate any fundamental change in our world? By mapping out the world system of body shopping, this chapter also clarifies the position of India-Australia body shopping in the global picture. The book ends with a discussion of the relation of body shopping to the much celebrated "IT miracles" and the local society in India. I suggest that India's IT success and body shopping are partly a result of intensified inequality at different levels: the macro (the international economic order and the socioeconomic structure in India), meso (relations between IT companies of different sizes), and micro (within a body shop). This is also the underlying logic of the process of abstraction.