The Indian Century has Arrived

Globalisation, the proliferation of English as the world language of business, the rise of the service sector and the importance of technology – all things that favour Indians and overseas Indians – mean that the importance of the overseas Indians is changing relative to that of the overseas Chinese. In short, the overseas Chinese are losing ground. As a commercial diaspora, overseas Indians – as many as 25 million Indians live outside India – have never been as important as they are now, and their influence is increasing.
India is also becoming more important to the world economy as its high-tech sectors compete on cost and quality better than almost anyone else. Business processing (BP) functions increasingly are being outsourced to firms in India. India is now a mainstream option when it comes to North American corporates outsourcing their back-office functions. General Electric now has more than 10,000 staff at its BP operations in India. British Airways, P&O Nedland, ABN Amro, ING, American Express, Agilent Technologies and Cap Gemini have all shifted some of their BP operations to India. Even the Washington-based World Bank has moved most of its global accounting operations including payroll processing to Madras in India. Now more than ever it is time to learn about the emergent power of the Indian diaspora in business.

Overseas Indians are adding management and high-tech capabilities to their traditional capabilities in trading. Very few multinational corporations have expatriate CEOs in India. The skills base and English-language proficiency in India is such that it is not necessary. The CEOs sourced locally are usually highly educated professionals rather than members of the old Indian business families. There are also plenty of examples of Indians who are the CEOs of multinational corporations worldwide, as we shall see.

But Indians are not just Indians. Like the overseas Chinese, there are many cultural, language and religious differences among them. Indeed, Indians tended to migrate not as Indians but as Jains, Gujaratis, Sikhs, Muslims, Tamils and so on, and they settled on that basis. These are differences that Indians themselves recognise.

Indians, again like the overseas Chinese, have traditional surnames that convey a considerable amount about their ancestral origins. Most Indians can identify which Indian state another is from, whether they are a Jain, a Parsi, a Tamil, which Hindu caste and so on, simply by that person’s surname. With that comes a whole host of other assumptions and information.

The differences among Indians help to explain a lot about where and with whom they do business. Hiring practices can also be explained by looking at Indian subgroups, for it is often when Indians and overseas Indian firms choose their staff that group loyalty is at its most apparent.

The clan networks among overseas Indians are weaker than those of the overseas Chinese. Overseas Indians also have a less sentimental attachment to their places of ancestry. They are more likely to invest in India if they think that they will make a profit rather than out of some sense of duty. Of course, networks are always useful for reducing information costs and alerting businesspeople to unexploited opportunities here and risks