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INTERVIEW: CAROL UPADHYA

'IT collapse would shut paths to social mobility'

The Hindu Archives Carol Upadhya.

Interview with Carol Upadhya, Professor, School of Social Sciences, National Institute of Advanced Studies, Bengaluru. By V. SRIDHAR

MUCH of the focus on the Indian Information technology (IT) services industry has been on either the business end or the technology side, with very little on the nature of its social impact. Social anthropologist Carol Upadhya's recent book, *Reengineering India:Work, Capital, and Class in an Offshore Economy* (OUP, 2016), based on an extensive study of the IT industry in Bengaluru, fills a major gap in the understanding of how and to what extent the industry actually transformed social relations in India. Excerpts from an interview she gave *Frontline*:

Your recent book fills a major gap in the account, media as well as academic, of India's journey as a provider of software services to global industry. Its focus on the nature of work (and those doing the work) in the industry and its relationship to class, gender and culture during its boom phase makes for compelling reading. But ever since the global economic crisis unfolded in 2008, the Indian software services industry has definitely moved into a different trajectory where growth is slow and profit margins are weak. Your comments on what this may entail for the Indian software industry in general and IT workers in particular.

Let me make it clear that I have not been following the industry and its recent performance very closely. But to me, it appears that these developments (the slowdown) ought to have been expected. The kind of high growth rates that we saw in the early years could not have been sustained; that cannot happen in any industry. One would have expected a levelling off at some point, maybe a maturing of the industry, which many companies wanted.

But I do not think that it would, in itself, have changed employment and labour relations. Although there may have been a maturing of the outsourcing or the labour-cost arbitrage model, the basics of the IT services business model have not shifted. India still remains an offshore location and it can provide decent quality service at a relatively low cost. How long this can be sustained in the face of competition and other technological changes is a different question. Even though there have been recent reports of lay-offs, and impending lay-offs, in the industry, companies such as TCS, Wipro and Infosys are still very much in the game. Infosys, for instance, says it is hiring locally in overseas markets in order to counter the anti-outsourcing sentiment; in this sense, it seems large companies like Infosys are maturing and projecting themselves as "global" rather than purely Indian. That is a good thing, right? If it becomes a stable entity, maybe not growing as fast, and if it remains an important component of the global IT industry, it would not disappear. It may change its shape and may not hire people at the same rate it did in the past, but that is a different matter.

I get the broad drift—that these companies are going to remain despite these pressures.

I am not a business commentator, but to me it appears that these companies are fairly well-entrenched in the global environment. Maybe if we don't think of the Indian software industry as only Infosys, Wipro and these companies, but think of Indians in the industry like in Silicon Valley, maybe that is not something that is going backwards. That is why there was such a hue and cry [in the

United States] when [Donald] Trump started talking about reducing immigration. Moreover, Indian companies may be making serious efforts to move up the value chain, or maybe they are using more specialists instead of simply indulging in body shopping. If they are doing that I do not see why they should be in a crisis.

We also hear about changes in technology and how these are affecting companies. But I am taking that with a pinch of salt. Every time there is a new technology, people say the same thing: that it is going to displace labour. But every new technology also requires labour. We are not in a world where robots can decide everything, right?

But the workforce is not homogeneous, nor do people in the industry carry a homogeneous set of skills. Many more people at the higher levels in the organisations seem to be at greater risk of losing their jobs than was the case earlier. That seems to be a major problem, in terms of jobs as well as social and economic mobility.

In a sense, that is also a change in degree, not in kind. Job insecurity has always been a feature of work in the IT industry. People in the industry went through a pink slip phase in 1999, in 2008; they are used to this hire-and-fire nature of employment. One of the findings of our study was that nobody, neither the companies nor employees, looks at their careers in the long term.

There are two important things about this workforce. First, the vast majority of software engineers are working with basic skills; they are seen as expendable and companies are able to upscale and downsize their workforces when they want. It’s a high-pressure job and they do not know what the future holds. The industry also has a very young workforce. For these reasons, IT professionals have also engaged in a lot of job-hopping.

Second, however, their position has been much better than those in other jobs because of their relatively high salaries. Many of them were able to build a nest egg very quickly. People seem to have thought: “If I can hang on, save some money, buy a house, a car, I am okay.” The insecurity does not pinch them as much as it would a regular office worker or a person engaged in some other job. I think very often software engineers are playing the same game that companies are playing; they see it as a kind of windfall that might not last, so they strategise their careers accordingly.

At the higher level in the companies, at say the project manager level, employees may have been seen as being more valuable to the companies.

Anecdotally, in the absence of any information from the companies themselves, what we gather is that the recent and ongoing lay-offs are different in that they seem to be targeted at the middle level segment of employees, people who have been around for 10-15 years. This raises a question: if companies are claiming to be climbing up the value chain, how are they going to achieve this by sacking more experienced people?

It does not sound logical, unless they want to groom younger people or engineers with more specialised skill sets. Based purely on guesswork but also on our research findings from 2004-06, this is my reading: in the days when companies had trouble retaining good people, the only way they could keep people was by offering quick promotions. So, in the early days people were being promoted very quickly. In one or two years you could become a team leader, in another two years you became a project manager or a deputy manager, and so on. That is probably why these companies had very young people at the middle management Level.

The main complaint we heard from people at the junior level when we did our survey was this: “The guys who are supposed to be our bosses don’t know anything.” The perception was that these middle level managers did not understand the technologies, nor did they know how to manage a large group of professionals.

So, because of the tendency to give quick promotions liberally, these companies probably ended up with too many people at the middle managerial level, and this is why they may be now trying to pare down the workforce at this level. Also, perhaps they think that these managers may be well-versed in the old service delivery model but unsuited for a completely new set-up that seems to be coming in. Maybe the thinking is: get rid of these general management types and get people who are more specialised in particular domains or competent in particular technologies. Managing a more automated system is not the same as managing a bunch of bodies.

One aspect of the boom phase was the nature of the education system, which suited the needs of the software services industry by supplying cheap labour, particularly at the base of the pyramid. Work was also directed in a hierarchical manner without requiring too much questioning; some would say this mirrored the nature of the Indian educational system that fostered “excellence” in routine tasks but which penalised “thinking”, originality and imagination. What has been the role of education and how far would this be a hindrance if the industry seeks to transform itself?

In places like Vijayawada and other towns in Andhra Pradesh, where I have done some research on engineering colleges and the “IT dream” which fed the expansion in engineering education, I found that kids from better-educated and better-off middle-class families are no longer opting for engineering as their first choice. That remains the aspiration of the rural kids or those from working class backgrounds, who see it as the major route to advancement. But better-off students, who are clued in to what is happening—the over-production of engineering graduates and declining job opportunities in IT—are opting for other courses such as CA [chartered accountancy] or MBA [Master of Business Administration], or try to join the IAS [Indian Administrative Service]. They are no longer banking on engineering and IT jobs. In places like Vijayawada, now one can see a lot more IAS coaching centres; earlier there were computer training centres all over.

You asked about education. It may be true that there are not as many jobs in IT today, but the fact remains that most of the kids who go to an engineering college still do so with an IT job in mind. It is evident that there are way too many engineers for all of them to find good jobs. Unless something else opens up, I do not know what will happen to all these kids. The colleges had reoriented their curriculum towards meeting the needs of the IT industry in many ways, not just the courses, but also by sidelining basic skills and core specialities in engineering.

Teachers in engineering colleges at Guntur, Vijayawada and Bengaluru have told me that they are upset by this trend because they are no longer teaching engineering fundamentals but only doing what [IT] companies want. Now that the companies are not coming as much to hire their graduates, what will happen to these kids? The situation is quite unfair because these companies literally take over some OF these colleges. I have seen colleges in rural Guntur district that are literally set up as factories to produce the workforce for IT companies that donate computer labs, prescribe training modules, and so on.

How far are IT companies to blame for the crass notion of higher education to which it has descended?

They can certainly be blamed for what has happened to engineering education, but maybe not for the crisis in the rest of higher

education. But of course, it is also the families and students themselves who have driven these changes: the aspiration to get an IT job is one of the main reasons for the explosive growth of private engineering colleges, many of which are of poor quality. In Andhra Pradesh, there are even colleges without any students.

But the captains and chieftains of the industry, people like Infosys founder N.R. Narayana Murthy and Azim Premji, have been complaining that the education system does not produce people with skills needed for jobs. There is no education that guarantees a person would fit into a specific kind of job, so why should IT be any different? In fact, that is not the function of higher education.

It is not just the IT leaders, everybody is talking about skills because there is a crisis in employment. The industry does not want thinkers. For the last 15 years IT companies have been trying to reorient engineering education to fit their needs, through Nasscom committees, and so on. So, if the industry now finds a problem with its workforce, it has to reflect on what has gone wrong. They still complain that they are not getting decent talent, but they have not really examined why this is so. Interestingly, business leaders in other segments of industry have realised that the undue emphasis on engineering has not served them well.

It is said that the software professional perhaps personified all that the “aspirational” Indian sought in a globalised economy. The narrative about the glory of India’s new liberal economy was closely tied to this narrative. What would be the implications of a collapse of this “aspirational” model for the broader story of liberalisation and its impact on the “new” middle class?

I think the aspirations of the middle class have widened quite a bit. The middle class has also expanded in size and diversified. Middle-class families now have a lot more access to various resources; young people of this section now look at different kinds of jobs—banking finance, consultancy, etc. But people from poor or lower middle class backgrounds—kids from a small farming family that has put all its resources into education or those who are first-generation graduates—who saw entry into the software sector as a way of achieving upward mobility would be adversely affected if the sector were to shrink or collapse as they have few other routes to economic mobility.

One thing that was quite positive about the software industry was that even a person from a non-middle class and non-affluent background, who was not very fluent in English, could get into the industry as long as he/she was technically competent and even migrate to the U.S. They may have been few in number, but it was at least possible. The newer job opportunities, unlike earlier in software, are restricted to people who possess a certain kind of cultural capital which comes from having an urban middle class background, good English medium education, the right kind of family support, the ability to compete in examinations, etc.

The vast majority of Indians do not fall into this category and so are excluded from lucrative careers in the corporate sector. Earlier, and for some people, the software industry served as a route for entry into the middle class, but that possibility would disappear if the industry were to flounder.

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