Celebrating 50 Years of Research and Academic Endeavour

Understanding complexities of social embeddedness in GPNs: The case of Indian IT suppliers in the Netherlands

Abstract

Despite the growing trend of outsourcing of service functions such as call centre services, business process outsourcing and software development, GPN analysis has mainly focused exclusively on the manufacturing sector. We therefore attempt to shift this focus from manufacturing to services by focusing on Indian IT suppliers operating in the Netherlands. Using threefold characterization of social embeddedness namely societal, territorial and network embeddedness, we argue that Indian IT suppliers attempt to territorially dis-embed from the Dutch context. This is reinforced by their peripheral position in the network and their ability to offshore work in a bid to contain costs. Nonetheless, the inter-firm relationship is complex, given that Dutch clients also insist on compliance with the institutional context of the Netherlands, especially when it comes to Dutch employees. This results in hybridization which means that Indian IT suppliers find ways to adhere to the institutional framework for Dutch nationals while simultaneously insulating Indian employees from the same. Consequently, a highly unfair segmented internal labour market develops, with Dutch nationals being treated more favourably as compared to Indian nationals. Nonetheless, to address these violations, Indian employees prefer individual strategies of resilience and rework rather than a collectivization response.