

How Does the Indian Diaspora Help Drive Trade and Investment
Ties between India and North America? An Exploratory Study

by

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ABSTRACT

This study examines the role that the Indian diaspora plays in helping to drive trade and investment ties between India on one hand and Canada and the United States on the other. The Indian diaspora is becoming increasingly important in both political and economic terms in North America. As trade and investment ties continue to grow between a fast developing India and Canada and the United States, the Indian diaspora has been playing an important role in driving this relationship. This study utilizes the concepts of acculturation, bicultural identity, brain circulation, social capital literature and investment theories to analyze the impact that the diaspora has on this relationship. It examines the complex attitudes that the diaspora has towards the home and host countries, and looks into how these help to drive their actions towards these countries. It points out the differences between the attitudes and activities of the Indian diaspora in the U.S. and the attitudes and activities of the Indian diaspora in Canada. It also tries to determine whether the current theories of investment do in fact predict the behaviour of the Indian diaspora when it comes to their investment and trade facilitation behaviours.

This is a two-part study that employs both qualitative and quantitative methods. The first part of the study involves a questionnaire survey with 158 managers, executives and entrepreneurs of Indian descent living in the U.S. and Canada while the second part involves more detailed follow up interviews with 25 of these respondents. The results indicate that the Indian diaspora does play an important part in driving trade and investment between Indian and North America. However, there are clear differences between how the diaspora in Canada and how the diaspora in the U.S. does this.

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1.0 INTRODUCTION

With a fast growing economy, rising global trade and investment flows, and a rapidly modernizing infrastructure, India has become a key player in the international business arena. Between 2000 and 2008, India's Gross Domestic Product (GDP) per capita, adjusted for purchasing power parity, rose from \$ 1,717 to about \$ 2,599 (World Bank, 2008a). This was coupled with India's international trade rising from \$ 126 billion to \$ 535 billion (World Bank, 2008b) and Foreign Direct Investments (FDI) coming into India rising from \$ 1.7 billion to almost \$ 23 billion during the same time. Between 2000 and 2008, India took even more impressive strides as a source of FDI, with outward FDI from India going up from \$ 121 million in 2000 to \$ 13.6 billion by 2008 (United Nations Conference on Trade and Development, World Investment Report, 2008). As a part of world trade, India's share went up from 0.6 % in 2000 to nearly 1.5 % in 2007 (Department of Commerce, Government of India, 2007). According to C.K. Prahlad, India's share of world trade could hit 10 % by 2022 (Economic Times, 2008). India's share of global investment inflows climbed from 0.3 % to 1.25 % while its share of global investment outflows went up from 0.02 % to 0.68 % between 2000 and 2007 (UNCTAD WIR, 2008).

In light of the 2008-2009 financial crisis, it is projected that India's impressive economic growth will slow down somewhat. The Asian Development Bank (ADB), in its Asian Development Outlook 2009 March update forecast India's growth rate to decrease from 9 % in Fiscal Year (FY) 2007 to 5 % in FY2009. This slowing growth was also predicted by Goldman Sachs, which in its November 2008 forecast reduced

India's projected growth for FY 2008 from 7.5 % to 6.7 % (Businessworld, 2008). By way of comparison, however, India's economic growth is still projected to be much stronger than that of industrialized economies. The U.S. economy is projected to contract by 1.6 % in 2009, while Eurozone economies are expected to contract even more sharply by 4.1 % (International Monetary Fund [IMF], 2009). Although India's economy is slowing down due to the effects of the 2008-2009 financial crisis, its projected growth rates are still much higher than those of industrialized economies. The same picture is seen in the July 2009 IMF World Economic Outlook Update that forecast a recovery in 2010, with India's expected growth of about 6.5 % significantly above the U.S.'s 0.8 % and Eurozone's further contraction of 0.3 % (IMF, 2009).

India's impressive rise as a global economic power comes at a time when increasing attention is being paid to the contributions of the Indian diaspora, both to their host and mother countries. India is home to one of the largest diasporas in the world, though estimates of its size vary. According to the Indian External Affairs Ministry (2005), the Indian diaspora numbered 20 million people, while according to the Government of India's National Portal for the Indian diaspora, it was estimated to be around 30 million people. Indian Prime Minister Manmohan Singh in his Independence Day address to the nation on August 15, 2008, cited a figure of 25 million for the Indian diaspora (SiliconIndia News, 2008). The Indian government is increasingly recognizing the importance of the Indian diaspora and is taking steps to engage it with the mother country and leverage it as strategic asset (This will be discussed in greater detail in the next chapter). The Indian government's attitude towards the diaspora is captured by these words on the Overseas Indian Affairs Ministry's website:

“The Indian Government recognizes the importance of Indian Diaspora, who despite being away from India is making her shine on a global platform. The Indian Diaspora has brought economic, financial, and global benefits to India” (Overseas Indian Affairs Ministry, 2008).

This dissertation studies the role of the Indian diaspora in driving trade and investment between their country of origin (COO) - India, and their country of residence (COR). It will study the involvement of the Indian diaspora in driving trade and investment between India, and two COR - the United States and Canada. The United States is one of India’s most important trading partners, while Canada is a fast growing trade and investment source and destination for India. They are also home to two of the biggest concentrations of the Indian diaspora. The U.S. is India’s largest trading partner, with trade between the two countries standing at almost \$ 42 billion, up from \$ 14 billion in 1992 (U.S. Census Bureau, 2008). Investment ties between the two countries have also grown fast, with U.S. direct investments in India totaling over \$ 6.2 billion while Indian investments in the U.S. total over \$ 3.3 billion in July 2007 (Indian Embassy, Washington D.C., 2008).

India is Canada’s fourteenth largest trading partner, with trade between the two growing over fivefold between 1992 and 2008, to reach \$ 4.5 billion in 2008 (Asia Pacific Foundation of Canada, 2009a). Canada owned Indian Foreign Direct Investment (FDI) stock worth \$ 504 million in 2007 while India in turn owned \$ 446 million worth of Canadian FDI stock (Asia Pacific Foundation of Canada, 2009b).

The U.S. and Canada also have two of the biggest concentrations of the Indian diaspora worldwide. Statistics Canada (2006a) estimated that there were 962,670 people

who considered themselves to Indo-Canadians while the U.S. Census Bureau (2006) estimated that there were 2,319,000 people who considered themselves to be Indian-Americans. Both of these diasporas are better off financially and in educational attainment than the local population on average (Statistics Canada, 2006a; U.S. Census Bureau, 2006). Although the Indian diaspora in both countries is well off financially, its political role has been much less prominent. However, this is now beginning to change rapidly as the Indian diaspora in North America is becoming more involved politically in their host countries. In the current decade, a number of prominent political figures of Indian descent, such as Governor Bobby Jindal of Louisiana and Ujjal Dosanjh, the former Premier of British Columbia, have emerged in both the U.S. and Canada (The rising prominence of the Indian diaspora in both the U.S. and Canada will be discussed in some detail in the next section). Since the gradual liberalization of the Indian economy in 1991, the Indian diaspora in North America has been playing an important role in driving trade and investment between these countries. The rising trade and investment ties between India and Canada and the U.S., the rise of India as a major economic and political power, the increasing prominence of the Indian diaspora in North America, and its influence in providing crucial social networks in the COR and COO makes this an important topic for International Business academics and practitioners.

India is becoming an increasingly important and attractive place for doing business. A.T. Kearney's Foreign Direct Investment Confidence Index, which is based on a survey of global executives, ranked India as the second most attractive place to do business in 2007, behind China and ahead of the U.S. (A.T. Kearney, 2008). The same survey also showed India to be No. 1 in the Global Services Location Index, ahead of

China and Malaysia, and having the most positive investor outlook over the last year.

This upbeat assessment of India's FDI potential comes at a time when inward FDI into India is booming, with total FDI stocks in India having gone up from \$ 1.7 billion in 1990 to over \$ 76 billion in 2007 (UNCTAD WIR, 2008).

India has also gradually liberalized its previously state-led economy since a balance of payments crisis in 1991. Though progress continues to be slow and is often held back by bureaucratic tangles, the Indian economy has become more open over the years since the institution of market oriented reforms in 1990. According to the Index of Economic Freedom compiled by the Heritage Foundation (2009a), India scored 54.4 % in 2008 (with 100 % being the most free). This rating has gradually improved over the last decade starting from 45.1 % in 1995. India ranked 123 in this ranking in 2008, sandwiched between Rwanda and Tajikistan, and is classed under the economically "Mostly Unfree" category. A similar ranking on economic freedom by the Fraser Institute in 2008 showed that India's ranking had improved from 5.6 to 6.6 (out of a possible 10) between 2001 and 2006 (Fraser Institute, 2008). Given its current 'unfree' status, as well as previous trends and the Indian governments stated intention to liberalize the economy further, it is a safe assumption that India will continue along its present path of gradual economic liberalization, thus further increasing its trade and investment relations with the rest of the world. This was also confirmed by the Indian government in its trade policy report to the World Trade Organization (WTO) in 2007 (WTO, 2007).

Since the year 2000, the Indian diaspora has emerged as a dynamic factor, shaping relations between the COO and COR. During this period, the Indian population in both the U.S. and Canada had grown substantially, trade and investment ties had

grown exponentially and a number of prominent political figures of Indian descent had emerged in both these countries. There are two important reasons for the emergence of Indian diaspora as an influential community. First, both Indo-Canadians and Indian-Americans are among the fastest growing populations in North America. According to the American Community Survey of the U.S. Census Bureau (2006), Indian-Americans had a growth rate of 38 % between 2000 and 2005, the highest for any Asian American community, and among the fastest growing ethnic group in the United States, ahead of the 25 % increase in Hispanic Americans (however, Hispanic Americans account for a much larger proportion of the population, at about 15 %, compared to less than 1 % for the Indians). During the same time period, the Indo-Canadian population saw an increase of 35 %, in comparison to the 31 % growth rate for Chinese-Canadians (Statistics Canada, 2006a). Second, the Indian-American and Indo-Canadian communities are richer and better educated than the average American or Canadian. Over 58 % of all Indian-Americans over the age of 25 had a college degree, compared to the national average of 26 %; over 40 % have a Masters or Doctoral degree compared to the national average of 10 % (USINPAC, 2006a). 26 % of the Indo-Canadian population above the age of 15 holds a university degree, and 1 % holds a doctorate. This compares with about 12 % and 0.5 % respectively for the Canadian population as a whole above 15 (Statistics Canada, 2006a). Due to their better economic position, they have become major contributors to political parties, and this makes an important difference when it comes to political influence. Thus, Indians in North America are rapidly acquiring political clout commensurate with their financial wealth. A case in point that illustrated the rising influence of the Indian diaspora in the U.S. was the 2006 effort by the Bush

administration to supply civilian nuclear technology to India. This is a special measure that requires Congressional approval. Led by the Indian diaspora, an intense lobbying effort was mounted on behalf of India. The effort has already yielded results. In June 2006, after hearing pleas from a number of major companies, U.S. business groups and Indian-American business executives, the House and Senate Foreign Relations committees overwhelmingly approved the outlines of the agreement, which would give India access to nuclear power-plant technology. Although there were major geopolitical issues behind the passage of the bill, one of the major drivers behind its success was the lobbying effort put in by the India diaspora spearheaded by the U.S. India Political Action Committee (USINPAC). President Barack Obama, then a member of the Senate Foreign Relations Committee, said before the vote that "there appears to be a very coordinated effort to have every Indian-American person that I know contact me". The lobbying was "a very impressive organizational effort," said Representative Jim Leach, an Iowa Republican (Forsythe and Trehan, 2006). The U.S.-India Peaceful Nuclear Cooperation Bill was signed into law by President Bush on December 18, 2006 (USINPAC, 2006).

The Indian diaspora is not unique in playing a part in driving trade and investment between its COO and COR. By way of comparison, the Chinese diaspora, which is the largest diaspora in the world in terms of numbers having been variously estimated between 32 million and 40 million (Pan, 1990; Yeung, 2004; Chinese Embassy USA, 2007), has also been identified as one of the most important factors behind the rise of China as a major destination of global FDI. While a detailed comparison of the Indian diaspora with the Chinese diaspora is beyond the scope of this study, it will occasionally

make comparisons with the Chinese diaspora where appropriate. This is done with the intention of comparing and contrasting how two of world's largest diasporas are similar and different, and also because the Chinese diaspora has been more widely studied. The Chinese diaspora is a particularly suitable example since China and India are the world's two largest countries in terms of population, are both countries with long histories, have two of the world's largest diasporas, and have been identified as two of the largest and fastest growing economies in the world. Investment from Overseas Chinese has been the major source of China's FDI inflows (Buckley, Wang and Clegg, 2007; Buckley and Meng, 2005; Buckley, Clegg and Wang, 2002; Wei and Liu, 2001). This study will help address in an exploratory fashion the extent to which India's diaspora invests and helps facilitate investments in its COO. Past studies have maintained that ethnic ties are crucial elements for doing business and investing in China (e.g. Dixon and Newman, 1998; Luo, 2001; Wong, 1999). This points to the crucial role that the Indian diaspora could play in using its ethnic ties to do and facilitate business in India, and helping overcome institutional challenges. According to Zhang (2005), the impact of the overseas Chinese on China's FDI inflows can be seen at least in two ways. First, the overseas Chinese invest in China based on language and historical bonds; accordingly they possess advantages in operations in China. Second, the overseas Chinese act as a bridge through which foreign investors understand the Chinese culture. To a certain degree, the foreign MNCs' success depends on to the extent to which they understand Chinese culture (Zhang, 2005). With FDI into India rising at a rapid rate as previously noted, the Indian diaspora can also play a similar role in facilitating investment into their COO. The importance of the Chinese diaspora in investing and driving FDI into China cannot be

overemphasized. Between 1980 and 2004, China attracted over \$ 336 billion in FDI. It is estimated that over half that amount has come from the overseas Chinese (Geithner, Johnson and Chen, 2005). While the India diaspora has so far not been as successful in either investing or driving FDI into India, there are indications, based on the recent rise of FDI flowing into India as well as the rising prominence of the Indian diaspora in the West, that this could soon change. The Indian diaspora also provides important skills and social networks for Indian domestic entrepreneurs. For example, in a survey of 208 software entrepreneurs in India, 58 % indicated that they had lived outside of India as non-resident Indians (NRIs) and 88 % stated that they had used the diaspora network to obtain contacts in the U.S. to help them secure contracts for their start up firms (Khanna, 2007). This makes it imperative to study the role of the Indian diaspora in facilitating trade and investment between the COO and the COR.

This dissertation will use concepts from a number of different but related literatures to answer the question as to how the Indian diaspora helps drive trade and investment between the COO and COR. It will examine COR acculturation policies, link the differences in these to diaspora attitudes towards COO/COR, and then relate these attitudes to the diaspora's trade and investment behaviours. It will, at places, directly compare the behaviours of the Indian diaspora in driving trade and investment towards the COO with another diaspora of comparable size and prominence, the Chinese diaspora. The concept of bicultural identity will help explain how the diaspora's identification with either the COO or COR need not be with one at the expense of the other. For explaining diaspora FDI behaviour, it will briefly look at the literature on FDI theories, and relate them to the FDI behaviour of the Indian diaspora. The concept of

brain circulation is used to explain why the diaspora comes to the COR in the first place, and what are the reasons for it to want to return. The literature on social networks is used to help tie these concepts together - it helps establish that attitudes, identity, brain circulation and FDI are all intricately linked in explaining the diaspora's trade and investment facilitation behaviours.

This dissertation studies the role of the Indian diaspora in driving trade and investment between the home and host countries using a mixed methods approach. It starts by looking at a brief history of the Indian diaspora, concentrating especially on its history and role in North America. It looks at the economic and political involvement of the diaspora in the host countries, and the rising trend of reverse immigration to India. It then examines the cultural differences between the diaspora and the host countries, utilizing both Hofstede's (1980) cultural framework and the GLOBE study. This is studied in the context of the interaction between the diaspora's home and host cultures, utilizing Berry's (1990) acculturation framework, and examined side by side with the different host country policies on immigrant acculturation - multiculturalism and the melting pot. Given the fact that most members of the Indian diaspora have been exposed to at least two cultures, it becomes important to study their bicultural identity. This is done using Benet-Martinez and Haritatos's (2005) bicultural identity framework. The regional differences within the Indian diaspora are also discussed in this section. Since cultural identity is linked to the different dimensions of personality, this study then takes a brief look at the literature on personality, concentrating on the Five Factor Model of personality (John and Srivastava, 1999).

The study then looks at the reasons why immigrants would come to the host countries in the first place, and what would cause them to return. The phenomenon of ‘brain drain’ and its gradual morphing into ‘brain circulation’ (Saxenian, 2002) helps explain this. The role of immigrants as facilitators of trade and investment is then explained with the help of the social networks that the diaspora has in both the COO and COR that are so important in driving this relationship. Within social networks, the study specifically examines the ‘immigrant effect’ (Chung, 2002) as an important mechanism by which immigrants can facilitate trade and investment, and how ties based on homophily can help achieve it (Lazarsfeld and Merton, 1954). Current theoretical models of FDI activity are then discussed along with their relevance to the study at hand. India’s recent FDI experience is then examined and explained using one of the more recent FDI classification frameworks. Based on the review of this literature, a number of hypotheses are developed that were tested using the primary data that was collected.

This two-part study incorporated both quantitative and qualitative methods. The first part involved a questionnaire survey while the second part involved follow up interviews with a select number of survey respondents who had volunteered to be contacted for more detailed interviews. The questionnaire developed incorporated established scales on bicultural identity (Benet-Martinez and Haritatos, 2005) and personality (10 item five factor inventory scale - John and Srivastava, 1999). It also included questions on respondents’ personal investments in India, their activities promoting investments in India, their use and promotion of Indian products, their social networks in Canada/U.S. and India, their reasons for immigration and their reasons for

reverse immigration (if applicable), their length of stay in their respective host countries, and their level of political involvement and demographic information.

The thirteen-page questionnaire was targeted towards managers, executives, professionals and entrepreneurs of Indian origin residing in Canada and the United States. There were a total of 158 respondents, with 84 being from Canada and 74 being from the U.S. This was supplemented by more detailed follow-up phone interviews with 25 of the respondents. The results from these surveys are presented in the results section. Following the results section, there is a detailed discussion as to what these results mean, and what their theoretical and practical implications are.

Although this dissertation looks at a number of different concepts within the diaspora, they are all designed to answering the fundamental question: How Does the Indian Diaspora Help Drive Trade and Investment Ties between India and North America? There are clear linkages between the underlying constructs of these questions. Attitudes towards the COO and COR are a reflection of how diaspora individual's see themselves - as part of one culture, or the other, or part of a combined culture. These are also affected by COR acculturation policies. Thus we come to the first research question of this study:

1. What are the differences in attitudes towards the COO and COR between the Indian diaspora in Canada and the Indian diaspora in the United States?

Since diasporas have often been key investors in their COO, such as the Chinese diaspora (Buckley, Wang and Clegg, 2007; Geithner, Johnson and Chen, 2005; Wei and Liu, 2001) and the Lebanese diaspora (Hourani, 2007), it becomes important to study how

their investment and general trade facilitation behaviours are affected by their attitudes.

This brings us to the next research question:

2. *How does this translate into differences in their trade and FDI facilitation behaviours?*

The concept of bicultural identity gives us a more refined tool to examine this relationship, since research reveals that individual's affinity to one particular culture need not come at the expense of the other (Berry, 1990; Benet-Martínez, Leu, Lee, and Morris, 2002). The level of identification with the COO or COR culture can be affected by COR immigration and acculturation policies as well. The extent to which their joint or bicultural identity helps or hinders in driving trade and investment thus becomes an important issue to study. Since diaspora behaviour is based on a combination of diaspora's attitudes towards the COO and COR as well as COR immigration and acculturation policies, it becomes important to compare how the same diaspora behaves in two COR with relatively similar cultures but very different acculturation policies. This brings us to the third research question in this study:

3. *How does bicultural identity affect an individual's propensity to engage in FDI and FDI facilitation behaviours?*

Another important facet affecting diaspora behaviour is intra-national diversity. Saxenian (2002) found that Indian ethnic institutions in the Silicon Valley tend to be sometimes region based, and Bal (2006) stated that there was a trend of regionalism in the Indian diaspora in North America, even though it was not opposed to an Indian identity but in addition to it. An important question then becomes whether these intra-national regional tendencies carry over to investment behaviours: for example, do people

from Punjab invest almost exclusively in Punjab? This brings us to the fourth research question of this study:

4. *Are Indians from a particular region more likely to invest in their home state/region?*

Or is it simply a case of investing where the maximum returns are?

In essence, this question asks what ‘Indianness’ actually is and whether it transcends regional/geographic barriers. Regional tendencies are not only significant for trade and investment purposes; they can also be relevant for the original decision to immigrate to the COR in the first place. Regional diaspora concentrations in the COR cannot only be a cause of foreign investment concentrations in the COO, they can also be the effect of a conscious decision by immigrants to live in communities with more people like them based on ties of homophily. Thus it becomes important to study why immigrants choose to move to a particular city or state/province in the first place, and what other factors cause them to choose that jurisdiction. This leads to the fifth research question:

5. *Do established Indian sub-communities in a particular region actually help to drive immigration from that particular area/community?*

In today’s highly mobile and increasingly borderless world, immigration need not be permanent, or even unidirectional. We increasingly see the trend of immigrants, especially among educated professionals, of returning to their COO. This trend of reverse immigration is also being increasingly observed among Indian professionals and managers. An important contemporary question then is ‘why’? Why do these immigrants, who worked so hard and made sacrifices to move to the COR want now to return to the COO? However, it is not simply a question of immigration and/or reverse immigration. The social networks that these individuals have in both the COO and COR

are often vital conduits that facilitate trade and investment. It is important to not only understand why immigrants come and then choose to return to their COO, but also how they use their social networks in this process, and how this in turn impacts their ability to affect trade and investment. Thus trade, investment and immigration and reverse immigration processes are intricately linked and strongly affect one another. This forms the basis for the sixth research question:

6. *What are the factors that are leading many Indians now to return back to India?*

What are the implications of these for the home and host countries?

Having answered these questions, I will attempt to explain how well the behaviour of the Indian diaspora that I have studied so far can be predicted by established theories of FDI. For example, does Porter's diamond explain how the Indian diaspora is reshaping demand and factor conditions in both the home and host countries? Can the Regionalization Hypothesis explain why the Silicon Valley Indian American entrepreneurs often choose to invest in their home states in India? This will also help to explain how this study could be used to further expand our theoretical knowledge of the drivers of FDI in a given country, and the role that the diaspora could play as one of those key drivers.

2.0 THE INDIAN DIASPORA

2.1 Background of the Indian Diaspora

“Diaspora” is derived from the Greek word meaning “a scattering or sowing of seeds” and refers to the spread of a given ethnic group outside of their COO (Merriam-Webster’s Online dictionary, “Diaspora”). The term diaspora was traditionally used to describe the Jewish population exiled from the historic land of Israel in biblical times. The first mention of a diaspora created as a result of exile is found in the Bible “thou shalt be a *dispersion* in all kingdoms of the earth” (Deuteronomy 28: 25, New International Version). However, the traditional definition of a diaspora, as a “longing for an imagined homeland following a violent dispersal or some other cathartic event” (Singh, 2003:3) seems largely inapplicable to most Indian emigrants. If, on the other hand, we adopt a more common interpretation that is nowadays associated with the experience of migration and the attendant anxieties of displacement, homelessness and a wish to return, then the case of considering overseas communities of Indian origin as a diaspora appears far stronger (Parekh, Singh and Vertovec, 2003). This is especially the case if we accept Cohen’s argument (1997:26) that a diaspora can emerge from a “growing sense of group ethnic consciousness in different countries, a consciousness that is sustained by, amongst other things, a sense of distinctiveness, common theory and belief in a common fate.”

Although Indians have migrated to other lands for hundreds of years, the major flows can be traced back to less than the last two hundred years. The first major wave of migration followed the end of slavery in the British Empire in the 1830s. Most parts of

modern day India were under the rule or influence of the British East India Company at this point, though India did not become a formal part of the British Empire until 1858. The migrants in this case were mostly unskilled, and went as indentured labour to mainly British colonies such as Mauritius, Guyana, Trinidad and Tobago and Fiji. Some also went to the Dutch and French colonies of Reunion Island, Guadeloupe, Martinique and Suriname to work on plantations in place of slave labour. The current generation has very weak ties with the homeland and identifies with the country of settlement. The migrant's links with India are rooted mainly in nostalgia and draw sustenance from their cultural affiliations to India (Kapoor, Mehta and Dutt, 2004; Sahoo 2006).

The second wave of migration was the “free” or “passage” migration of traders, clerks, bureaucrats and professionals, mostly to East and South Africa, and in smaller numbers to other British colonies where indentured labour had gone before. This was done mostly in search of better career opportunities abroad and also to cater to the growing needs of the Indian community in these territories. Being part of the British Empire, relocation within large parts of the Empire had few legal barriers (though not in all places, as we will see in the example of Canada in the next chapter). In fact, until the Commonwealth Immigrants Act of 1962, all Commonwealth citizens could enter and stay in the United Kingdom without any restriction (ILPA, 2008). This migration continued until the first half of the twentieth century. The ties of this group to India, while somewhat stronger than the first group, are still nonetheless weak, the generational distance is several fold (Kapoor, Mehta and Dutt, 2004).

Following the end of the Second World War, large numbers of Indians migrated to the U.K. mainly from Punjab and Gujarat to assist in postwar reconstruction. This also

coincided with Indian independence in 1947. About 60,000 Indians arrived between 1947 - 1955, many of whom drove buses, or worked in foundries or textiles factories. The acute labour shortage resulting from the casualties of war had created a demand for unskilled or semiskilled workers. Some professionals and traders also migrated at that time. People from groups tended to come from the middle to lower middle class socioeconomic groups in India (Kapoor, Mehta and Dutt, 2004). The flow of Indian immigrants to the U.K. peaked between 1965 and 1972, boosted in particular by Idi Amin's sudden decision to expel all 50,000 mostly Gujarati Indians from Uganda. Around 30,000 Ugandan Asians migrated to the U.K. after their expulsion (Kuepper, Lackey and Swinerton, 1976).

The next major flow of emigrants came in the 1970s as a result of two unrelated events and influenced two separate sub social groups. Because of the 'oil shock' and increased oil prices in the 1970s, large numbers migrated into the Middle East to meet the demand for labour as these countries rushed to modernize. The majority of these people was unskilled or semiskilled and took low paying jobs. Since the policies of Middle Eastern countries made permanent resettlement impossible, the status of this group of migrants is inherently temporary. After working for a period of time, most return to India. No country in the Middle East offers citizenship to expatriates with the exception of Oman, where citizenship could be allowed after twenty years of residence. Given the strong cultural and religious taboos, inter-marriage with locals is extremely limited (Rajan and Nair, 2006).

The liberalization of the U.S. immigration laws in 1965 and the Canadian immigration laws in 1967 led to students seeking to pursue studies in the U.S. and

Canada, as well as professionals, academics and doctors to emigrate. Unlike earlier waves of emigrants, these emigrants were well educated. Over time, these immigrants often moved into high paying professions, where they are disproportionately well represented in comparison to their numbers (Kapoor, Mehta and Dutt, 2004).

The rapid growth of the software industry in India and the west in the 1990s gave rise to the most recent wave of emigrants. This group is largely composed of young professionals in Information Technology (IT). They consist mainly of IT professionals coming into the U.S. to work for companies on H1-B (the U.S. employment visa for highly skilled professionals) visas, and students in IT related fields who decide to work in the U.S. after completing their studies (Kapoor, Mehta and Dutt, 2004). IT related firms from India dominated the list of companies awarded H-1B visas in 2007. Indian companies accounted for nearly 80 % of the visa petitions approved in 2008. Infosys and Wipro were the top two companies getting H-1B visas approved from the U.S. Citizenship and Immigration Services (Herbst, 2008). The groups that emigrated after 1965 constitute a 'knowledge diaspora' and share many similar characteristics (Kapoor, Mehta and Dutt, 2004). These include being relatively well educated, financially well off and more likely to have extensive contacts in both home and host countries.

An interesting point to note is that the young IT based immigrants who came in the 1990s are more likely to return home compared to the previous cohorts (Kapoor, Mehta and Dutt, 2004). There could be a number of reasons for this. First, the fast growing Indian economy might be creating opportunities for the diaspora that makes it increasingly attractive to return. Second, the job market in the U.S., especially in the IT sector, suffered a downturn after the terrorist attacks of September 11, 2001. Despite a

strong recovery in the intervening years, the U.S. job market went through another slowdown starting in 2008. The IMF in its April 2009 forecast (IMF, 2009) has projected that the U.S. economy will actually contract by 1.6 % in 2009. Since low or negative growth often leads to fewer jobs, it is likely, based on current forecasts, that there will be a further downturn in IT related jobs for Indians, at least in the short run. Third, given that this group maintains extensive social contacts in both countries, reverse migration might be easier than for previous cohorts. Fourth, H1-B visa holders are finding it more and more difficult to get a job. The H-1B visa quota per year was reduced from 195,000 to 65,000 in 2001, and remains at that level in 2009 (Heritage Foundation, 2009b). What this actually translated into is more jobs for “Indians in India” i.e. Indians working for U.S. based MNCs but providing their services from cheaper Indian shores. Finally, a mixture of factors - the current increasing standard of living in India, the low inflation rate and the relative long-term stability of the Indian rupee (despite a sharp fall in 2008), are at work as well. In PPP - weighted terms, it is now definitely realistic to expect an Indian salary that is comparable if not superior to the U.S. salary. Students from elite Indian schools can expect to do even better. Graduates from the Indian Institutes of Technology (IIT) and the Indian Institutes of Management (IIM) have starting salaries between 700,000 - 1,500,000 rupees per year on average (17,500 to 37,500 USD - Business Standard, 2008). Exceptional graduates often earn much more. The Hyderabad based Indian School of Business (ISB) stated on April 5, 2007 that one of its graduates had been offered a starting salary of \$ 223,800 by an Indian firm. Three other students from the same institution had received job offers each exceeding \$ 200,000 (Inter Press Service, 2007).

According to the Indian National Association of Software and Service Companies (Nasscom) figures, over 35,000 Indian IT workers returned to India between 2001 and 2006 - almost 10 % of the current Indian IT workforce in the U.S. No region of the United States has been more affected by this trend than the Silicon Valley. The Indus Entrepreneur Group, a Silicon Valley based group of successful Indian entrepreneurs and professionals which now has over 12,000 members in 11 countries known as TIE, estimated in 2003 that between 15,000 and 20,000 Indians had left Silicon Valley to return home. That strong trend has continued, with about 40,000 more returning between 2003 and 2006 (San Jose Mercury News, May 2007). Another survey of Indian professionals from TIE (2007) estimates that 60,000 professionals have returned to India between 2002 – 2007 (New Age, 2007). The same survey found that those most likely to return tended to be young couples 27 - 35, looking to protect their children from western culture.

2.2 The Indian Diaspora in the U.S.

The first large scale migration of Indians into the U.S. started at around the beginning of the 20th century. A large number of these initial Indian immigrants in the U.S. were Sikhs. Most of them had originally arrived in Vancouver, B.C. with the idea that as subjects of the British Empire, they were free to settle anywhere within the Empire. However, they found that the fact that they were subjects of the British Empire did not mean anything in the Empire (Canada) itself and they were blatantly discriminated against (this will be further explained in the next section where the Indian diaspora in Canada is discussed) (Lal, 1999). A large number of these immigrants then entered the U.S. through Seattle or San Francisco as the ships that carried them from Asia

often stopped at these ports. Prior to the Immigration Act of 1917 (also known as the Asiatic Barred Zone Act), there were no formal laws restricting Indian immigration, even though Indian immigrants were often not welcomed in local communities they attempted to settle in. Most of these Indian immigrants were Sikhs from the Punjab region of British India. The Punjabi pioneers were followed into the U.S. by Indian students. The first Indian student arrived in 1901, and by 1910 a small body of India students had congregated in the University of California, Berkley and a few surrounding agricultural colleges (Lal, 2006). Their ranks were increased by the arrival of political dissenters who openly advocated Indian independence from Britain and in 1913 the Ghadr (or "revolutionary") Party was founded in San Francisco. Adherents of the Ghadr Party set for themselves the goal of liberating India by all means at their disposal. America's entry into the war in 1917 sealed the fate of the Ghadr movement; acting under pressure from the British, the U.S. Government launched an intensive and successful prosecution against the Ghadrates for conspiring with the Germans illegally to deprive the British monarch of his sovereignty over India and closed down the movement (Lal, 2006).

The suppression of the Ghadrite movement was only one part of the policies of the U.S. government to suppress immigration from India. Immigration laws passed in 1917 at the behest of California and other states in the west that had seen a large influx of Chinese, Japanese and Punjabi immigrants during and after the gold rush, banned the immigration of most Asian women. As a result a large number of these men married Mexican women from California. Many of these families settled in the Central Valley of California as farmers. These early immigrants were often denied voting rights, family re-unification and citizenship (Leonard, 1989).

In 1913, Akhoy Kumar Mozumdar became the first Indian-born person to earn U.S. citizenship, having convinced a Spokane, Washington district judge that he was in fact Caucasian and thereby met the requirements of naturalization law then restricting citizenship to free white persons (Lal, 1999). On July 11, 1912, Mozumdar filed with the U.S. District Court in Spokane his petition to be naturalized. At that time, U.S. immigration law specified only "free white persons" were eligible to become citizens. The government naturalization examiner ruled that Mozumdar, coming from India, did not meet that criteria and the petition was denied. At Mozumdar's request, the court reheard the case on May 3, 1913. Mozumdar made a lengthy statement about his racial background, arguing that as a high caste Hindu, he was in fact Aryan and thus "white" (A.K. Mozumdar, 2008).

In 1923, the Supreme Court in the *United States v. Bhagat Singh Thind* case ruled that people from India (at the time, British India, e.g. South Asians) were aliens ineligible for citizenship. Bhagat Singh Thind was a Sikh from India who had settled in Oregon who had earlier applied and been rejected citizenship in Oregon. This was despite the fact that a number of anthropologists at the trial had testified that South Asian people were a part of the Caucasian race. The court ruled that ruling that Thind was not a "white person" as used in "common speech, to be interpreted in accordance with the understanding of the common man" (PBS - Bhagat Singh Thind, 2000). Using the "understanding of the common man" argument, it was therefore decided that Congress never intended for Indians to be able to naturalize. Before this ruling, a number of Indians had naturalized as U.S. citizens. However, after this ruling, not only were Indians denied the ability to naturalize, their new classification as Asian, rather than

white, allowed the retroactive stripping of previously naturalized Indians of their American citizenship. Suggestive of the poor coordination within the American legal system of the early 20th century is the fact that Thind applied for and received U.S. citizenship through the state of New York a few years after his original U.S. citizenship was revoked by the U.S. Supreme Court (Lal, 1999).

As public support from the western allies for India grew throughout World War II, and as India's independence came closer to reality, Indians argued for an end to their legislative discrimination. The repeal of Chinese exclusion laws in 1943 and the granting of naturalization privileges to Chinese encouraged Indians to hope for similar gains. The support culminated in the signing into law of the Luce-Celler Act by President Truman on July 2, 1946. This Act reversed the Thind decision, insofar as allowing naturalization to Indians, and set a token quota for their immigration at 100 per year. In 1965, President Johnson signed the Hart-Celler Immigration Act, which phased out the national origins quota system first instituted in 1921. A large number of the men that arrived before the 1940s were finally able to bring their families to the U.S., most of them settled in California and other west coast states (Lal, 2006).

After the passage of the 1965 Immigration Act that abolished national origin quotas and opened large-scale immigration to non-European countries, another wave of Indian immigrants entered the U.S. in the 1970s and 1980s. A large proportion of them were Sikhs joining their family members under the new colour-blind immigration laws and professionals or students that came from all over India. The greater number of Indians between 1965 - 1980 were to arrive as professionals, though subsequently many more have come under family reunification preferential categories. In 1965, Dilip Singh

Saund became the first (and until Bobby Jindal's election in 2004, the only) Indian-American to be elected the U.S. House of Representatives. By 1975 the number of Asian Indians in the U.S. had risen to well over 175,000 and it was around this time that the question of self-representation, and how they wished to be known collectively to others, first surfaced among members of the Indian community (Lal, 1999). The earlier nomenclature of "Hindus" for all Indians had long been abandoned, but their designation as "Indians" was scarcely more acceptable, since what are now known as "Native Americans" were also known as "Indians" (Lal, 1999). The U.S. Census Bureau popularized the term "Asian Indian" to avoid confusion with "American Indian" (U.S. Census Bureau, 2005)

The Cold War created a need for engineers in the defense and aerospace industries in the U.S., and such engineers immigrated from India to fulfill these needs. Most of these Indian immigrants were not from Punjab but from other parts of India, mainly Gujarat (a north-western state) and southern Indian states. By the late 1980s and early 1990s Gujarati and South Indian immigrants outnumbered Sikhs and Punjabis as new arrivals, although these communities had pretty much even representation in overall Indian-American numbers (Lal, 2006). According to the U.S. Census Bureau (2006), more than 80 % of Indian immigrants arrived after 1980.

Indian-Americans today are one of the wealthiest and best educated communities in the United States. According to the U.S. Census of 2000, their median household income was \$ 60,093 compared with \$ 41,110 for non-Hispanic white families. According to the American Community Survey of the U.S. Census Bureau (2006), the Indian-American population in the U.S. grew from almost 1,678,000 in 2000 to

2,319,000 in 2005; a growth rate of 38 %, the highest for any Asian American community, and among the fastest growing ethnic group in the United States after Hispanic Americans. Indian-Americans are the third largest Asian-American ethnic group, after Chinese-Americans and Filipino-Americans. The states with the largest Indian-American populations are California, New York, New Jersey, Texas and Illinois. Over 58 % of all Indian-Americans over the age of 25 had a college degree, compared to the national average of 26 %; over 40 % have a Masters or Doctoral degree. Of all Silicon Valley startups, 15 % are owned by Indian-Americans (USINPAC, 2006).

The high rates of educational attainment among Indian Americans have often translated into successes in the fields of business and industry. Prominent Indian-American entrepreneurs include Sabeer Bhatia, co-founder of Hotmail.com; Vinod Khosla, co-founder of Sun Microsystems; Suhas Patil, founder of Cirrus Logic; Pradeep Sindhu, co-founder and CTO of Juniper Networks and Sanjiv Sidhu, founder and CEO of i2 Technologies. Prominent Indian-American CEOs include Rono Dutta, former President of United Airlines; Rakeh Gangwal, former CEO and Chairman, U.S. Airways Group; Rajat Gupta, former Managing Director, McKinsey and Company; Vikram Pandit, CEO of Citigroup and Arun Sarin, CEO of Vodafone Inc. (Wikipedia, “List of Indian-Americans”). One explanation of why Indian-Americans have proven to be so successful is provided by Professor Vivek Wadhwa of Duke University. He stated that Indians grow up in a hard home environment - the corruption and the red tape for instance - and this gives them the ability to deal with obstacles. Indians are also used to a multi-cultural atmosphere at home, have strong family support and are fiscally conservative. They are good at networking and have a positive attitude towards America

and try hard to integrate. All these are factors in their success. The combination of an educated ambitious migrant who is adaptable, hardworking, careful with money, networks easily, loves America and has a loving supportive family is a powerful recipe for success (Wadhwa, 2006). This view was echoed by Prahalad that India's poverty, overcrowding and daily hassles also make it a "beehive of entrepreneurialism and creativity" (BusinessWeek, 2006, Special Report), where every individual seems to be engaged in some sort of business all the time.

2.2.1 Political Involvement of the Indian Diaspora in the U.S.

The USINPAC spearheads the efforts of the Indian diaspora to promote the political interests of Indian-Americans and India in general in the U.S. USINPAC's mission is to impact policy on issues of concern to the Indian-American community in the United States. USINPAC provides bipartisan support to candidates for federal, state and local office who support the issues that are important to the Indian-American community. These issues include: U.S. - India Relations, Immigration, Anti Hate-Crime Measures, Civil Rights and Advocacy for Small Businesses (USINPAC, 2006).

In 2004, India became the only country with a bipartisan coalition lobby group in both houses of the U.S. Congress. The Senate India Caucus, the first ever country specific bipartisan coalition body in the U.S. Senate, was inaugurated on April 29, 2004, signaling a major diplomatic victory for India and the USINPAC. The caucus was co-chaired by Senator John Cornyn (Republican, Texas) and Senator Hillary Rodham Clinton (Democrat, New York). The Congressional Caucus on India and Indian Americans has about 185 members and the Senate India Caucus has 32 members (Arora, 2004).

Despite being generally religious and having the highest average household income among all ethnic groups in the United States, Indian-Americans tend to be more liberal and tend to vote overwhelmingly for Democrats. Polls before the 2004 U.S. Presidential election showed Indian-Americans favouring the Democratic candidate John Kerry over Republican George W. Bush by a 53 % to 14 % margin (nearly a 4:1 ratio), with 30 % undecided at the time (Asia Times, 2004). This margin was also supported by an exit poll of 4 senate races (Maryland, New Jersey, Pennsylvania and Virginia) in the 2006 election that showed that South Asians in these states voted Democratic by a 87 % - 13 % margin (Chaudhuri, 2007). This figure might be a little inflated in its support for Democrats in that South Asians included Indians, Bangladeshis and Pakistanis, and anecdotal evidence suggests that Bangladeshis and Pakistanis, as overwhelmingly Muslim communities, have a more negative image of the current Republican administration. The trend of Indian-American support for the Democrats continued in the 2008 elections. According to a poll by the National Asian American Survey (NAAS) conducted by researchers from three California state universities and Rutgers University in New Jersey between August –September 2008, Democrat Barack Obama had a 53 % to 13 % lead over Republican John McCain with 33 % undecided. In terms of party identification, 39 % identified themselves as Democrats and 7 % as Republican (Mehra, 2008). Although there have been no specific exit polls of Indian-Americans for the 2008 elections, Asian Americans (of whom Indians are the third largest group after the Chinese and Filipinos) voted 65 - 32 for Barack Obama (CNN, 2008).

In the political field, Indian-Americans have not had much prominence until very recently. Despite voting overwhelmingly Democratic, the most prominent Indian-

Americans have been Republicans. These include Bobby Jindal, Governor of Louisiana, who promotes himself as staunchly Conservative (Bobby Jindal on the Issues, 2008); Dinesh D'Souza, conservative author and former Reagan speech writer, who has in his writings held up Indians in the U.S. as model minorities for other minorities, especially African-Americans, to emulate; and Ramesh Ponnuru, senior editor for the conservative *National Review* magazine and author of the best selling book *The Party of Death: The Democrats, the Media, the Courts, and the Disregard for Human Life*. This dichotomy in the Indian community is interesting and important, because it could point to the number of different factors, sometimes conflicting, that could affect its political involvement and its motivations and ability to affect trade and investment ties. Being a highly religious group that puts great emphasis on family ties and traditional values, it would seem that they have more in common with the Republican party than the Democratic party. The fact that Indians are more entrepreneurial (Kauffman, 2007a) and more free trade oriented (given their trade and investment ties with their mother country) should also cause them to be more Republican, which is usually seen as a more pro-business party. Yet voting patterns reveal that Indians are more likely to vote for Democrats. This could be influenced by the fact that most minorities in the U.S. are more likely to vote Democratic, and that most Indians may feel more at home with a party that attracts more minority and immigrant support. This would mean that in most cases, the Indian diaspora is more comfortable in a more multicultural setting, rather than as a model minority in a White majority setting. When Indians have risen up the political hierarchy though, such as in the case of the above mentioned politicians and commentators, they tend to be Republicans. This could imply that once the perception is that they are accepted within

the mainstream community, Indians are more likely to vote their natural more conservative tendencies, rather than vote more in solidarity with other minorities. Although a more detailed discussion of the political orientation of the Indian diaspora is not within the scope of this dissertation, it could be a very important dimension of driving trade and investment, since it would seem that greater integration in the dominant community leads to a change in voting patterns that in turn leads to changes in their support for business and trade policies.

Racial discrimination against Indian-Americans is not widespread, but is known to happen. One of the most media covered recent events of alleged prejudice against Indian-Americans occurred on August 11, 2006, when Senator George Allen of Virginia, running for re-election, singled out the Indian-American political staffer of his challenger in a crowd by calling him “macaca” (the French word for monkey which was used as a slur for coloured people in Africa) and sarcastically saying, "Welcome to America" (CNN, 2006). Some members of the Indian-American community saw Allen's insult and the massive backlash that led to Allen losing his re-election bid, as a cultural turning point demonstrating the newfound confidence of Indian-born U.S. citizens (Leonard, 2006).

2.3 The Indian Diaspora in Canada

The Indo-Canadian community started around the beginning of the 20th century. The pioneers were men, mostly Sikhs from the Punjab, who were veterans of the British Indian Army. In 1902, many of them had traveled through Vancouver across Canada for the coronation celebrations of Edward VII as part of the Imperial entourage, and on their return to India brought back stories of the rich soil and favourable climate in B.C., similar

to Punjab. Between 1903 and 1908, almost 5,000 Indians, mostly male Sikhs from Punjab, came to B.C. to work on the railroad, in lumber mills or in forestry (Naidoo and Leslie, 2006). As subjects of the British Empire, they expected equal treatment within all its borders, in line with Queen Victoria's 1858 declaration that throughout the empire the people of India would enjoy equal privileges with white people without discrimination of colour, creed or race" (Singh, 1991).

However, upon arrival mainly to British Columbia, the first Sikh immigrants faced widespread racism by the local white Canadians. The restrictions by the Canadian government gradually increased on Indians, and policies were put in place in 1907 to prevent Indians who had the right to vote from voting in future general elections (Sikh-Canadian History, 2006). In 1908, the Canadian government implemented the 'continuous journey' rule prohibiting the entry of those who did not come to Canada by continuous journey from their country of origin (Naidoo and Leslie, 2006). Since at that time all steamships traveling from India, China or Japan had to refuel in Hawaii, there were no direct trips to Canada from India that satisfied the continuous journey rule. This was done mainly to prevent the further immigration of Indians into Canada; since India and Canada were both parts of the British Empire, Canada could not directly over rule British Imperial policy. In 1914, the Komagata Maru, a steam liner carrying 376 passengers from the Punjab region of India arrived in Vancouver. In line with the continuous journey rule, most passengers were not allowed to land in Canada and were returned at gunpoint to India. This was one of the most notorious incidents in the history of exclusion laws in Canada designed to keep out immigrants of Asian origin (Sikh-Canadian History, 2006).

Policies changed rapidly during the second half of the 20th century. The Canadian government re-enfranchised the Indo-Canadian community with the right to vote in 1947 and in 1967, all immigration quotas based on specific ethnic groups were done away with. Canada introduced an immigration policy that was based on a point system, with each applicant being assessed on their trade skills and the need for these skills in Canada this allowed Indians to immigrate in large numbers (Sikh Canadian History, 2006). In the 1970s and 1980s, thousands of immigrants came yearly and settled mainly in Vancouver and Toronto. The Greater Vancouver area already had an established Indian community, while Toronto as the largest Canadian city with a growing job market, established infrastructure and a large number of ethnic minorities was another logical destination. The Indo-Canadian population stood at 713,000 in 2001 (Statistics Canada, 2001), and had increased to 962,670 by 2006 (Statistics Canada, 2006a). The Greater Toronto Area with 484,655 Indo-Canadians and the Greater Vancouver Area with 181,895 Indo-Canadians are home to the majority of Indo Canadians – no other city has more than 50,000 Indo-Canadian residents (Statistics Canada, 2006a). Although the vast majority of Indo-Canadians are either recent immigrants from India, or second and third generation Indo-Canadians, there are groups of Indo-Canadians that have moved from other parts of the world. In the 1970s, 50,000 Indian Ugandans, mostly of Ismaili Muslim background, were forced out of Uganda by the dictator Idi Amin and were not permitted to resettle back in India by the Indian government. As a result, most of them opted to settle in the U.K. (about 30,000) or Canada (about 7,000) (Rangaswamy, 2005).

Indo-Canadians are from very diverse religious backgrounds compared to many other ethnic groups, which is due in part to India's multi-religious population. Unlike in

India however, representation of various minority religious groups is much higher amongst the Indo-Canadian population. For instance, in India, Sikhs comprise 2 % of the population, Hindus 82 %, Muslims 13.4 % and Christians 2.4 % (Census of India, 2001). Amongst the Indo-Canadian population however, Sikhs represent 33.5 %, Hindus 27 %, Muslims 17.5 % and Christians 16.5 % (Statistics Canada, 2001). This difference may be due to the fact that members of these religious minorities in India choose to actively immigrate to outside countries more so than the Hindu majority. The effect of religion on their decision to immigrate will be investigated further in the results section of this dissertation.

The average household income for Indo-Canadians at CAD \$ 41,748 is about 16 % higher than the national median household income of \$ 35,996 (Naidoo and Leslie, 2006). English is the most common mother tongue of Indo-Canadians, accounting for about 35 % of all Indo-Canadian households while 61 % identify another language as their mother tongue (Statistics Canada, 2006a).

Indo-Canadians tend to be very involved politically at local, provincial and federal levels, in contrast to Indian-Americans. In the 2006 elections to the Canadian House of Commons, ethnic Indians were elected in ten ridings (out of a total of 308) thus comprising about 3.3 % of all Canadian Members of Parliament (Elections Canada, 2006). Prominent Indo-Canadian politicians include Ujjal Dosanjh, a current Liberal member of the Federal parliament, a former Premier of British Columbia and federal Minister of Multiculturalism, federal MPs Deepak Oberoi, Rahim Jaffer (an Indian of Ugandan descent), Gurmant and Nina Grewal (the first Indian husband-wife team in the Federal parliament), Ruby Dhalla, Yasmin Ratansi, Navdeep Bains and

British Columbia Attorney General Wally Oppal. Indo-Canadian politicians have been elected to parliament as members of all the three major national political parties (Elections Canada, 2006). In the 2008 elections to the Canadian House of Commons, 36 Indo-Canadians ran for office, including 12 for the Conservatives, 8 for the Liberals, 14 for the New Democrats and 2 for the Greens. Eight Indo-Canadian MPs were elected (Indian Express, 2008).

2.4 Indian Government and the Indian Diaspora

India's post independence policies towards the diaspora were based on the idea that it was in the best interest of the overseas communities to integrate into their host societies. India's first Prime Minister Jawaharlal Nehru urged overseas Indians to identify themselves with and integrate in the mainstream of the social and political life of the country of domicile (Kudaisya, 2006). This approach may have been perceived as being indifferent to the concerns of the diaspora, but it was grounded in the principle that regardless of the origins of a country's citizens, loyalties should lie within the country of domicile and not outside. India's policy during the cold war was based on neutrality, and solidarity with the 'Third World', in which friendship with newly liberated African and Asian countries was highly valued. Until the mid-1990s, the government of India took a "hands-off" policy towards its diaspora; it did not want to appear to be interfering in the domestic affairs of other, especially newly independent, countries with large diaspora populations (Kudaisya, 2006).

In recent years, noting the impact that the Chinese diaspora had on the Chinese economy, the Indian government has made a concerted attempt to leverage its diaspora. In September 2000, the Government of India set up a high level committee under

Dr. Singhvi, an eminent jurist, former member of parliament and India's longest serving envoy to the U.K., with the mandate to make a comprehensive study of the global Indian diaspora and recommend measures for building constructive relationships with it (Kapoor, Mehta and Dutt, 2004). The Committee did a thorough study of the Indian diaspora all over the world and noted its achievements and its connections to India. In its "Conclusions and Recommendations" section, the Committee identified some fifty areas for government actions to make it easier to connect with the diaspora. These recommendations included improving entry facilities, streamlining regulations, identifying fields of investments, creating a focal point for diaspora dealings and allowing dual citizenship. It also included recommendations for holding annual meetings to celebrate the achievements of the Indian diaspora, and the easier provision of Person of Indian Origin Cards for ethnic Indians who have been settled in other countries for generations (High Level Report on the Indian Diaspora, 2000).

In January 2003, the Indian government organized the first global meeting of the Non Resident Indians (NRIs), which attracted over 2,000 diaspora Indians from 63 countries. It was the largest gathering of overseas Indians in the country's history. This first global NRI meeting, held in New Delhi, included Nobel laureates, writers and business moguls among others. This meeting has been held annually in the first week of January every year and is marked by special programs to recognize the contributions of the Indian diaspora. It recognizes individuals of exceptional merit and gives awards to individuals who have made exceptional contributions in their chosen fields or professions. This is known as the Pravasi Bharatiya Samman (NRI Award). The meeting

also provides a forum to discuss issues and concerns that people of the diaspora have (Proceedings of the Pravasi Bharatiya Divas, 2003).

In attracting its diaspora back home, the Indian government faces two main problems. First, it has had poor relations with its less affluent diaspora; they feel that the government has abandoned their interests. According to 2002 estimates, the number of Indians in the Arabian Gulf countries is about 3.3 million constituting about 11 % of the population of the Gulf Cooperation Council (GCC) countries (Rajan and Nair, 2006). Although Indian professionals in the Gulf are relatively well off, the less educated and the unskilled, who form the overwhelming majority of immigrants, often suffer from various forms of harassment and exploitation. However, the Indian government has offered little support to migrant workers facing poor working conditions and labour disputes (Kapoor, Mehta and Dutt, 2004). According to the High Level Report on the Indian Diaspora (2000), the Indian government can help the diaspora in the Gulf by taking a number of steps. These include having the Ministry of Labour in India cracking down on unscrupulous recruitment agents who recruit Indian workers for the Gulf based on false promises of non existent jobs, negotiating a standard labour contract prescribing minimum wage and working conditions with host country governments for the fair treatment of Indian workers, negotiating with host country governments to stop the practice of employers taking custody of the employees passports, having Indian consular officials pay frequent visits to the labour camps where most Indians work, reserving seats in Indian colleges and universities for the children of Indians in the Gulf, relaxing requirements for government jobs for returning Indians and easier attestation services for educational certificates and degrees. During the first NRI meeting in 2003, India

announced a sweeping change of its citizenship regulations; dual citizenship was allowed, but only for Indians living in the U.K., Canada, Australia, Finland, Ireland, Italy, the United States and the Netherlands. However, in 2005, dual citizenship was extended to all overseas Indians who had migrated after 1950 but this citizenship was granted without voting rights (Kudaisya, 2006). In 2005, India also started its separate ministry of Overseas Indian Affairs. Secondly, reconnection to roots by itself is not enough for most of the highflying Indian businessmen and venture capitalists. The determining factor in any investment decision to invest in India is the potential returns that it can bring. Although being treated as an “Indian” helps, that by itself will not lead to greater investments into India. The Indian government also has to deal with issues that investors and returning professionals often worry about, such as corruption, red tape, excessive bureaucracy, regulations and an overburdened infrastructure (Kapoor, Mehta and Dutt, 2004).

The Indian government started issuing Person of Indian Origin (PIO) cards in 2002; a PIO is usually a person of Indian origin who is not a citizen of India. For the purposes of issuing a PIO card, the Indian government considers anyone of Indian origins up to four generations removed (provided they are not citizens of Pakistan or Bangladesh), to be a PIO. Spouses of people entitled to a PIO card in their own right can also carry PIO cards. This latter category includes foreign spouses of Indian nationals, regardless of ethnic origin. PIO Cards exempt holders from many restrictions applying to foreign nationals, such as visa and work permit requirements, along with certain other economic limitations. However, the Indian government is currently in the process of phasing out the PIO scheme in favour of the more recently introduced “Overseas

Citizenship of India” (Ministry of Overseas Indian Affairs, 2008). The overseas citizenship of India is similar to the PIO scheme, except that it has been brought into force through an Act of Parliament rather than through an Executive directive.

It is interesting to note the differences between India and China as to how they treated their diasporas. The Chinese government, through successive regimes, has long encouraged the continued engagement of overseas Chinese. With the reform and the economic opening that began in the late 1970s, commercial investment by Chinese communities overseas has been even more strongly encouraged. On the other hand, the Indian government’s policies until very recently have not been very supportive or encouraged FDI from India’s overseas communities.

As early as 1942, the Chinese communist party, under Chairman Mao’s proposal, had established an “Overseas Affairs Committee” to encourage engagement with the Chinese abroad. After the founding of the People’s Republic in 1949, China quickly set up an official organization named the Overseas Chinese Affairs office in the central government to formulate policies on and develop policies with overseas Chinese. It held the same official status as the Foreign Affairs Ministry (Yin, 2005).

There are a number of important differences that can be observed between the recent economic activities of the diaspora of these two countries towards their respective ‘home countries’. China has been clearly much better in attracting FDI through its diaspora. Between 1980 and 2004, China attracted over \$ 336 billion in FDI. It is estimated that over half that amount has come from the overseas Chinese. During the same period, India managed to attract only \$ 18 billion in FDI, with an estimated 10 % coming from the Indian diaspora (Geithner, Johnson and Chen, 2005). Between 2004

and 2007, however, India improved its attraction of FDI considerably, with total foreign FDI in India rising to \$ 73 billion by 2007 (UNCTAD WIR, 2008).

In contrast, remittances from the diaspora in India tend to be higher than their Chinese counterparts. In 2000, remittances from the Indian diaspora to India reached \$ 12 billion, nearly 8 times the amount remitted by the Chinese diaspora to China. By 2007, India had become the world's top receiver of remittances, with inflows totaling \$ 27 billion (World Bank, 2008c). This is a spectacular growth from about \$ 2 billion in remittance inflows to India in 1990. The World Bank (2008c) estimated the remittances into China were about \$ 25.7 billion in 2007. The differences in FDI and remittances could be a direct effect of the contrasting policies of the two governments towards the diasporas. A more engaged policy towards the diaspora, such as the one displayed by the Chinese government before the Singhvi Commission report of 2000, could have the effect of promoting more long term investments into the COO, while remittances, which tend to be lower involvement behaviours, could be relatively unaffected or actually lowered as more funds are used for FDI instead. While the COO in this two-way relationship can make the diaspora feel more welcome by the adoption of previously mentioned engagement policies, the diaspora can help the COO in the COR by helping improve its image in that country. We now turn to the concept of the nation brand to further explain this phenomenon.

2.5 The Indian Diaspora and the Indian Nation Brand

In light of the fact that every nation typically evokes a certain response from most people, every nation can be treated as a brand. The nation brand consists of images that are often powerful stereotypes that possess cognitive, affective and normative dimensions

(Verlegh and Steenkamp, 1999). The nation brand could have been developed deliberately or by default from a myriad of different sources, such as word of mouth, education, mass media, travel, product purchases and dealings with its people (Loo and Davies, 2006). While they may not be an accurate reflection of the objective reality of the nation, nonetheless they are pervasive and powerful in terms of eliciting responses among others (Papadopoulos and Heslop, 2002). National images can influence all kinds of buying decisions, from consumer purchase, industrial buying to FDI in target markets (Loo and Davies, 2006).

In this context, the Indian diaspora can play an important role in changing attitudes towards their COO and improving the Indian nation brand. Firstly, as they are ethnically affiliated to it and often have important social ties there, they tend to have a more favourable attitude towards their home country. Secondly, as they gradually integrate into the larger society and gain more influence, they might actually be able to drive attitudes towards their COO in a more favourable direction in the society as a whole. This would also help them improve the image of the nation brand of the COO in the COR. Finally, as a part of a group that has ties to both the home and host country, they could help overcome the inherent bias in developed countries against products from developing countries.

We have so far looked at the Indian diaspora in the U.S. and Canada. One of the most important differences that sets the Indian diaspora apart from the dominant community in each of these countries is its culture. Culture is a key factor that binds the Indian community in each country, and also links it to India and indeed other Indian communities around the world. The next section looks at how national culture differs

between the Indian diaspora and the COR, and how this difference affects the Indian diaspora's relationship with both the COR and the COO. It starts by giving a brief overview of national culture, then describes two of the most common frameworks that are used to measure it and then explains how this could affect the diaspora's relationship with the host community.

3.0 CULTURE

Culture is a concept that is familiar, though difficult to specify for most people. For example, Kroeber and Kluckhohn (1952) catalogued 164 separate distinct definitions of the world culture. Culture can be defined as a shared, commonly held body of general beliefs and values that define what is right for one group (Kluckhohn and Strodtbeck, 1961; Lane and DiStefano, 1988). Barnouw (1979:5) defines culture as “. . . the configuration of stereotyped patterns of *learned behaviour* which are handed down from one generation to the next through the means of language and imitation . . .” Hofstede (1980: 25) refers to culture as “the collective programming of the mind which distinguishes the members of one human group from another . . . and includes systems of values”. Another definition of culture, proposed by Terpstra and David (1985:37), delineates what it means in the international management context:

“Culture is a learned, shared, compelling, interrelated set of symbols whose meaning provides a set of orientations for members of a society. These orientations, taken together, provide solutions to problems that all societies must solve if they are to remain viable.”

3.1 Hofstede's Framework

One of the most popular measures of culture is the value survey by Geert Hofstede (1980). Using the results of his 40 country study of 88,000 employees and managers of a single U.S. multinational (IBM), Hofstede (1980) constructed four distinct dimensions of culture as an underlying framework to identify and explain differences in cultural patterns observed across countries. Hofstede's power distance, uncertainty

avoidance, individualism and masculinity dimensions define a specific set of values which describe some aspect of culture and human activities. Later, with Michael Bond, he added a fifth dimension to his framework, known as Long Term Orientation (sometimes also known as Confucian Dynamism) (Hofstede, 2001). A brief description of Hofstede's five dimensions is given below:

- ❖ **Power Distance** focuses on the extent to which the less powerful members of institutions and organizations expect and accept that power is distributed unequally. A high power distance ranking indicates that inequalities of power and wealth have been allowed to grow within the society. In large power distance countries the less powerful accept power relations that are more autocratic and paternalistic (Hofstede, 1991).
- ❖ **Individualism** focuses on the degree the society reinforces individual or collective, achievement and interpersonal relationships. A high individualism ranking indicates that individuality and individual rights are paramount within the society. Individuals in these societies may tend to form a larger number of looser relationships. A low individualism ranking typifies societies of a more collectivist nature with close ties between individuals. (Hofstede, 1991:51)
- ❖ **Masculinity** focuses on the degree the society reinforces, or does not reinforce, the traditional masculine model of male achievement, control, assertiveness and power, as opposed to traditional female values such as quality of life, environment, nurturing and concern for the less fortunate. A high masculinity ranking indicates the country experiences a high degree of gender differentiation. A low masculinity ranking

indicates the country has a low level of differentiation and discrimination between genders (Hofstede, 1980).

- ❖ **Uncertainty Avoidance Index** focuses on the level of tolerance for uncertainty and ambiguity within the society - i.e. unstructured situations. Hofstede defines uncertainty avoidance as “. . . the extent to which the members of a culture feel threatened by uncertain or unknown situations” (Hofstede, 1991:113). In low uncertainty avoidance cultures, members are expected to cope with uncertainty as best they can and the inherent uncertainty of life is more easily accepted and each day is taken as it comes. In high uncertainty avoidance cultures, structures are established which minimize the level of uncertainty faced by individual. (Hofstede, 1980).
- ❖ **Long-Term Orientation** focuses on the degree the society embraces, or does not embrace long-term devotion to traditional, forward thinking values. High long-term orientation indicates thrift and perseverance. This is thought to support a strong work ethic where long-term rewards are expected as a result of today's hard work. A low long-term orientation ranking indicates respect for tradition, fulfilling social obligations and saving face (Hofstede, 2008).

Hofstede's (1980 and 2001) five cultural dimensions - power distance, individualism, uncertainty avoidance, masculinity, and long-term orientation - have been used more extensively than competing cultural dimensions (e.g., Kluckhohn and Strodtbeck, 1961; Schwartz, 1994; Smith, Peterson and Schwartz, 2002; Trompenaars, 1993; Tang and Koveos, 2008). According to Kirkman, Lowe, and Gibson (2006:286), Hofstede's framework stands out in cross-cultural research because of its 'clarity, parsimony, and resonance with managers'. However, despite the framework's

long-standing popularity, several studies have questioned the applicability of Hofstede's cultural value scores (McSweeney, 2002; Schwartz, 1994; Shenkar, 2001; Smith, 2002). A number of problems have also been raised about the Hofstede value survey model. First, these were initially based on the values of employees of only one organization (IBM). Second, they represent averages only, and individuals within cultures can have values very different from the averages. Third, the results could vary by industry and sector (Punnett, 1998). McSweeney (2002) further adds that the use of surveys by Hofstede was methodologically problematic since a) cultural values might not be adequately captured through surveys, b) national cultures might not be uniform, and c) cultures could be situational specific. A more recent critique by Ailon (2008) argues that Hofstede's dimensions, instead of simply depicting culture, because of their wide use, helped inadvertently construct it, and called for greater reflexivity in cross-cultural research. Thus although Hofstede's framework is widely used, as we can see, it also has important drawbacks that makes us wary of relying solely on it.

The values for the different dimensions of Hofstede's framework for India, the U.S. and Canada are given in Table 1:

Table 1: India, Canada and the U.S. on Hofstede's Cultural Dimensions

	India	U.S.	Canada
Individualism	49	91	80
Power Distance	77	40	39
Masculinity	56	62	52
Uncertainty Avoidance	40	46	48
Long Term Orientation	61	29	23

Source: geert-hofstede.com

Before discussing the implications of these differences in cultural values between India and the host countries, this study will look at another cultural framework to complement these findings. This will help overcome some of the objections raised to Hofstede's framework, as well as provide another way of looking at cultural differences, thus allowing us to better compare and contrast the culture of the Indian diaspora with that of the COR. One of the more recent frameworks used to measure culture is the GLOBE (Global Leadership and Organizational Behaviour Effectiveness) framework. This study will be using the GLOBE framework, in conjunction with Hofstede's framework, to better explain the differences between the Indian diaspora and their host countries.

3.2 GLOBE

The GLOBE project is a multiphase research program focusing on culture and leadership in 61 nations. National cultures are examined in terms of nine dimensions: performance orientation, future orientation, assertiveness, power distance, humane orientation, institutional collectivism, in-group collectivism, uncertainty avoidance and gender egalitarianism (House, Javidan, Hanges and Dorfman, 2002). The last six dimensions of the GLOBE project are based on Hofstede's value survey. The differences are first in Hofstede's individualism/collectivism dimension that is divided into collectivism in respect to work or society in general or coherence to one's family and close relations (House et al., 2002). The second difference is in Hofstede's masculinity/femininity dimension that is being transformed into gender egalitarianism and assertiveness orientation (House et al., 2002).

The GLOBE project assigns scores to these cultural dimensions on “As Is” and “Should Be” basis. The former measures the existing or actual way that things are done and measured or practiced. The latter, on the other hand, is how people think things should be done or should work. This study will be using the “As Is” scores, since they are more widely used.

- **Performance Orientation:** This dimension refers the extent to which a society or group values performance improvement. This behaviour is assessed by measuring the degree of encouragement and rewards that a collective gives to individuals from the same group who improve their performance and seek excellence. In countries like the U.S. and Singapore that score high on this cultural practice, businesses are likely to emphasize training and development; in countries that score low, such as Russia and Greece, family and background count for more (House, Javidan and Dorfman, 2001).
- **Future Orientation:** This dimension refers to the degree to which “individuals engage in future-oriented behaviours” and is measured through means such as “delaying gratification, planning and investing in future” (House et al., 2001). Organizations in countries with high future oriented practices like Singapore and Switzerland tend to have longer term horizons and more systematic planning processes, but they tend to be averse to risk taking and opportunistic decision making. In contrast, corporations in the least future oriented countries like Russia and Argentina tend to be less systematic and more opportunistic in their actions (Javidan, Dorfman, de Luque and House, 2006).
- **Humane Orientation:** This dimension looks at attitudes and behaviours such as fairness, altruism, generosity and caring for others to asses “the degree to which a

collective encourages and rewards individuals” for having such attitudes and behaviours (House et al., 2001).

- **Uncertainty Avoidance:** Uncertainty avoidance refers to the extent to which a society, organization, or group relies on social norms, rules and procedures to alleviate unpredictability of future events (House et al., 2001). The greater the desire to avoid uncertainty, the more people seek orderliness, consistency, structure, formal procedures and laws to cover situations in their daily lives. Organizations in high uncertainty avoidance countries like Singapore and Switzerland tend to establish elaborate processes and procedures and prefer formal detailed strategies. In contrast, firms in low uncertainty avoidance countries like Russia and Greece tend to prefer simple processes and broadly stated strategies. They are also opportunistic and enjoy risk taking (Javidan et al., 2006).
- **Power Distance:** This value refers to the degree to which members of a collective expect power to be distributed equally (House et al., 2001). A high score on this dimension indicates that a culture deals with more power inequality. A high power distance score reflects unequal power distribution in a society. Countries that scored high on this cultural practice are more stratified economically, socially and politically; those in positions of authority expect, and receive obedience (Javidan et al., 2006).
- **Societal Or Institutional Collectivism:** This dimension measures the degree to which individuals are encouraged and rewarded for taking care of and looking after their peers in an institution. Organizations in collectivistic countries like Singapore and Sweden tend to emphasize group performance and rewards, whereas those in the

more individualistic countries like Greece and Brazil tend to emphasize individual achievement and rewards (Javidan et al., 2006).

- **Family or In-Group Collectivism:** This dimension measures the degree to which individuals take pride, are loyal and cohesive to their organizations or families. Societies like Egypt and Russia take pride in their families and also take pride in the organizations that employ them, and thus are high on this dimension (Javidan et al., 2006).
- **Gender Egalitarianism:** This dimension measures the degree to which a collective minimizes gender inequality. Higher scores indicate higher degree of gender egalitarianism in the culture (Javidan et al., 2006).
- **Assertiveness Orientation:** This scale measures the degree to which individuals in a culture are “assertive, confrontational and aggressive in their relationships with others” (Javidan et al. 2006). Countries with high scores on this dimension tend to have “can-do attitudes and enjoy competition in business” while those in less assertive countries prefer harmony in relationships and emphasize loyalty and solidarity (Javidan et al., 2006).

**Table 2: India, Canada and the U.S. on
GLOBE Dimensions Based on a 7 Point Scale**

	India	U.S.	Canada
Performance Orientation	4.25	4.49	4.49
Future Orientation	4.19	4.15	4.44
Assertiveness Orientation	3.73	4.55	4.05
Societal Collectivism	4.38	4.20	4.38
In Group Collectivism	5.92	4.25	4.26
Humane Orientation	4.57	4.17	4.49
Power Distance	5.47	4.88	4.82
Gender Egalitarianism	2.90	3.34	3.70
Uncertainty Avoidance	4.15	4.15	4.58

Source: (Javidan, et al., 2006; Gupta et al., 2002)

Looking at the scores for both the Hofstede and the GLOBE dimensions, it is clear that the Indian and host communities have significant cultural differences on a number of dimensions. Indians score significantly higher than the Americans or Canadians on power distance. This would mean that they are generally much more accepting of inequality of wealth and power distribution in society. Indians also score significantly lower on individualism. However, when broken down further by the GLOBE scores, it is apparent that this is due to a higher score on in-group collectivism, while their scores on societal collectivism are fairly close to that of the host society's. This could mean that Indians, compared to their host society, are more collectivist when it comes to dealing with family and in group issues, but are about equally collectivist when it comes to institutional issues. Indians also score somewhat lower on gender egalitarianism; this would mean that there is a much greater prevalence of gender inequality and stratification of jobs and that women are much more likely to be found in certain jobs as compared to the host society. Another important difference between the

Indians and the host society is in terms of assertiveness orientation. Indians are much less assertive as compared to Canadians and (more so the) Americans. This could easily lead to miscommunication between the different groups.

Certain dimensions and profiles of culture have a greater propensity to support economic activity than do others (Hofstede, 2001; Jones and Davis, 2000; Lenartowicz and Roth, 1999, 2001) and this can lead to differences in the activities of the diaspora in different countries. The way that the diaspora sees itself, in terms of its identity as linked to its COO and COR and the relationship between these two identities is also important in determining the business related activities of the diaspora.

So far, in the discussion on culture, the Indian culture has been referred to as being different from the host cultures. However, this does not mean that the two host cultures, American and Canadian, are identical. We can see in the cultural values, according to Hofstede and GLOBE, the similarity between the Canadian and American cultures. Their cultural values are fairly close to one another although not identical. The two countries, however, have taken very different approaches as to how they have dealt with immigrant communities in their midst. In attempting to understand and explain how these two countries have differed in their approaches to interacting with immigrants, we now turn to the concept of acculturation.

3.3 Acculturation

The term acculturation was originally proposed by anthropologists (Redfield, Linton and Herskovits, 1936) to refer to group-level phenomena involving change that results from contact between two different cultures. However, acculturation is often conceptualized in psychological research as an individual-level variable (Graves, 1967).

Acculturation sometimes describes a state, which is typically defined as the amount of culture-related values, beliefs, affects, customs and behaviours adapted or endorsed by a minority immigrant individual that are held by or norms of the majority/host culture (Ward, 1996).

Acculturation can also be viewed as a process. Studies from this perspective have usually considered a broad context and focused on possible environmental and individual variables affecting change over time, or the outcomes of the acculturation process on individual psychological well-being (Kim and Abreu, 2001; Ward, 1996). Acculturation is the process of cultural and psychological change that follows intercultural contact (Berry, 2003). Cultural changes include alterations in a group's customs, and in their economic and political life. Psychological changes include alterations in individuals' attitudes toward the acculturation process, their cultural identities (Phinney, 2003) and their social behaviours in relation to the groups in contact. The eventual adaptations also have core psychological features, including a person's well-being and social skills that are needed to function in their culturally complex daily world (Ward, Bochner and Furnham, 2001).

The comprehensive model of the acculturation process developed by Berry and colleagues has been widely used as a framework in contemporary research (Berry, Kim, Minde and Mok, 1987). In this model, five important influences, or moderating factors, on the acculturation process are identified: (a) the nature of the larger society, (b) the type of acculturation group, (c) modes of acculturation, (d) demographic and social characteristics of the individual and (e) psychological characteristics of the individual. The first moderating factor refers to the attitudes of people in the dominant culture of the

host society and can vary from high tolerance for cultural diversity to high pressure for a single cultural standard. In Berry et al.'s second factor, five distinctly different acculturation groups are identified on the basis of the nature of their contact with the host culture: immigrants, refugees, native peoples, ethnic groups and sojourners.

The third factor in Berry et al.'s (1987) model refers to varying modes of acculturation. Berry posited an orthogonal framework involving two cultural dimensions: (a) attitudes toward the host culture, which involve the extent to which an individual values, desires and seeks contact with the host culture and (b) attitudes toward the home culture, which involve the extent to which an individual maintains and adheres to her or his indigenous culture. Combinations of high and low positions on each dimension yield four modes of acculturation: (a) *integration*, high identification with both home and the host cultures; (b) *assimilation*, high identification with the host culture but weak identification toward the home culture; (c) *separation*, in which individuals place a high value on connection to their original culture while devaluing the host culture and (d) *marginalization*, in which individuals devalue or reject both their own cultural heritage and the host culture. Research has suggested that different acculturation modes have differential impact on acculturative stress and adjustment problems. Specifically, individuals with a marginalization or separation orientation tend to experience more stress and adjustment difficulties, whereas integrated individuals tend to report lower levels of distress and better adjustment (Berry et al., 1987).

The fourth factor in this model refers to demographic and social characteristics. It is posited that some demographic and social characteristics of the acculturating individuals, such as age, gender, available financial resources, education level and

intercultural experiences prior to entering the host culture, are likely to moderate the acculturation process and outcomes. For instance, individuals with extensive experience traveling across different cultures will possess higher ability to adapt to the new cultural environment and therefore experience less acculturative stress and difficulties compared with those who never travel abroad.

The fifth factor in Berry et al.'s (1987) model refers to psychological characteristics of the person struggling to adapt to a new culture. Among these psychological factors, adult attachment style may be an important predictor of successful adaptation. The acculturation process involves exposure to unfamiliar and potentially frightening social situations.

There are however some differences between acculturation to a society and acculturation at work. Berry (1990, 1997) distinguishes between the old and the new culture, thereby referring to a clear in-group (the old culture) versus an out-group (the new, host culture). Since in the work context individuals are members of an entity, i.e. the team, in which they have to collaborate in order to reach common goals, this group cannot be regarded as an out-group, but rather as a second *in*-group encompassing both minority and majority members. Berry (1990, 1997) also contrasts *identification* with the original culture with contact with the new culture. In an organization, however, contact and participation with team members is an automatic result of the structural context. In that context, the amount of identification with the team seems to be a more important indicator of acculturation than the amount of contact with fellow team members. Contact and participation with the team are only relevant to the extent that they are freely chosen.

Immigrant groups are not always free to choose how to acculturate (Berry, 1974), as their experience depends to a large extent on the conditions in the larger community. The dominant community might make certain restrictions that constrain the choices that immigrants can make. For example, integration can only be chosen and successfully pursued when the national society is open and inclusive in its orientation towards cultural diversity (Berry, 1990). For integration to occur, a mutual accommodation is required, involving the acceptance by both dominant and non dominant groups that all groups have the right to live as culturally different people who interact within the same society.

Berry and Kalin (1995) found that among expatriates, integration, where the person sought to combine the best of both majority and minority cultures, was the most functional mode of acculturation. Similarly, when Tung (1998) applied Berry's framework to a sample of American expatriates around the world, she found that the majority considered integration as the most functional mode of acculturation, followed by the assimilation mode.

Although Berry's framework about acculturation gives us an idea of how Indian immigrants could deal with the dominant community, it does not tell us how the dominant community could in fact react to these acculturation attempts. Different countries over time have often tried different methods and government policies to influence how immigrants interact with the dominant community. We now look at some of the ways in which the dominant community could deal with immigrants trying to acculturate in society.

The dominant community can have a number of different possible attitudes towards the acculturation that can take place. These take place along two main

dimensions - cultural maintenance and cultural contact. Berry et al. (1987) defined cultural maintenance as referring to the extent to which cultural (ethnic) identity and characteristics are considered to be important and to which their maintenance is strived for. Cultural contact concerns the extent to which immigrants choose to be involved in other cultural groups, or remain primarily among themselves. The acceptance of cultural diversity and integration by the larger society defines the attitude of mutual accommodation known as multiculturalism (Berry, 1984). When assimilation is the preferred outcome by the dominant community, it is termed the melting pot (when strongly enforced, it can be termed the 'pressure cooker'). When separation is enforced by the dominant group, it is termed segregation. When marginalization is imposed by the dominant group, it is a form of exclusion (Bourhis, Moise, Perreault and Senecal, 1997).

The United States has historically been seen as a 'melting pot'. The term melting pot was first used in Israel Zangwill's 1908 play of that name:

"There she lies, the great Melting-Pot--Listen! Can't you hear the roaring and the bubbling?... Ah, what a stirring and a seething! Celt and Latin, Slav and Teuton, Greek and Syrian, black and yellow...Jew and Gentile....East and West and North and South, the palm and the pine, the pole and the equator, the crescent and the cross--how the great Alchemist melts and fuses them with his purifying flame! Here shall they all unite to build the Republic of Man and the Kingdom of God" (Salins, 1997).

The view that assimilation was the preferred outcome for immigrants was echoed by President George W. Bush while campaigning for his 2006 immigration bill:

"One aspect of making sure we have an immigration system that works, that's orderly and fair, is to actively reach out and help people assimilate into our country...

That means learn the values and history and language of America... When you hear people like me talking about assimilation, that's what we're talking about, helping people assimilate into America, helping us remain one nation under God" (White House, 2006).

Policies intended to achieve assimilation require minority groups to conform to the dominant culture to achieve full citizenship (Fredrickson, 1999; Sidanius, Feshbach, Levin and Pratto, 1997; Verkuyten, 2005), which may require minority group members to forfeit their cultural roots to support and maintain the dominant culture. Assimilation presumes that the dominant culture's values, principles and practices are a model for all to emulate (Fredrickson, 1999). Gordon (1964) argued that there is one unidirectional pathway to successfully assimilating into the U.S. economic and social structure and that acculturation not only preceded but was necessary for structural incorporation. In the assimilation process, immigrants lose their ethnic distinctiveness, become ever more indistinguishable from the host society and eventually adopt an American identity.

It can also sometimes set rigid boundaries on group membership. In some cases, it is connected to ethnoculturalism that maintains that Americans are white, English-speaking Protestants of northern European ancestry (Smith, 1997). Although ethnoculturalism as part of assimilation has been largely discredited, it still has notable supporters. Since the terrorist attacks of September 11, 2001, some have endorsed restricting the full range of citizenship rights to people of certain ethnic and religious backgrounds (Davis and Silver 2004; Lichtblau, 2003; Schildkraut, 2002). Huntington (2004) argues that non-Christians are outsiders in America, a status they should accept given the country's history of religious tolerance.

In contrast to the American preference for assimilation, Canada's official policy has been one of multiculturalism. Two weeks after President Bush's previously mentioned statement on immigration, the Conservative Prime Minister of Canada had a very different message at the opening of the World Urban Forum in Vancouver. The context of Stephen Harper's speech was the recent discovery of the terrorist plot in Toronto. Prime Minister Harper offered a vigorous defense of sustained immigration and multicultural policy: "Canada's diversity, properly nurtured, is our greatest strength" he observed, asserting continued support for immigration and multiculturalism (Mickleburgh, 2006).

Contrary to assimilation, multiculturalism (sometimes termed cultural pluralism) celebrates inter-group differences as a valuable resource and a foundation for cultural strength. Accordingly, multiculturalism strives to be fully inclusive, with all cultures having a reciprocal relationship - a healthy balance of give and take (Berry, 1984, 2001; Fredrickson, 1999). Within a truly multicultural society, there is no dominant culture that takes precedence over any other (Berry, 1984).

The origin of Canadian multiculturalism was to some extent unintended. In 1960, to address the growing challenge of Quebec nationalism during the 'quiet revolution' of growing self-expression in that province, the federal government set up a Royal Commission on Bilingualism and Biculturalism. As public hearings were held across the country, representation was made by Ukrainian-Canadians and other groups of non-British and non-French ethnicity challenging the conventional national assimilation model of Anglo- and Franco-conformity. By 1961 citizens outside these two 'charter groups' accounted for 25 % of the national population and immigration trends, notably

after the 1967 reforms, suggested this share would grow steadily. Prime Minister Pierre Trudeau, in a speech in the Canadian Parliament in October 1971, reversed the bicultural recommendations of the Royal Commission, ushering in multiculturalism as official government policy. This was later inscribed into the 1982 Canadian Constitution where article 27 of the Canadian Charter of Rights and Freedoms asserts a declaration of rights “... in a manner consistent with the multicultural heritage of Canadians”. Other legislative institutionalizations were the 1988 Multiculturalism Act and the 1995 Employment Equity Act. In recent years the appointment by the Prime Minister of immigrant women who are visible minorities as Governor General of Canada, the Queen of Britain’s official representative in Canada’s constitutional monarchy, has provided symbolic and highly visible institutionalization of cultural diversity as a national norm.

The federal department Citizenship and Immigration Canada promotes multiculturalism. Its website announces multiculturalism as:

“Canadian multiculturalism is fundamental to our belief that all citizens are equal. Multiculturalism ensures that all citizens can keep their identities, can take pride in their ancestry and have a sense of belonging. Acceptance gives Canadians a feeling of security and self-confidence, making them more open to, and accepting of, diverse cultures. The Canadian experience has shown that multiculturalism encourages racial and ethnic harmony and cross-cultural understanding.” (Citizenship and Immigration Canada, 2008).

Multiculturalism is often seen to be a defining characteristic of Canadian identity (Li, 2003). Moreover, it continues to receive strong popular endorsement as a positive contribution to integration. A stratified random sample of 1,500 Canadians in

September 2006 showed that 76 % agreed that multiculturalism aids immigrant integration, 76 % that it aids equal participation in society, 74 % that it assists a sense of national belonging, 69 % that it assists national identity and citizenship, 69 % that it enhances the identification of shared values and 64 % that it aids in social cohesion. The survey also revealed that professional and university-educated respondents were more positive in their assessment, while low income and retired Canadians were less supportive (Jedwab, 2006). No national political party in Canada opposes immigration and there has been no downward revision in annual entry targets in the transitions between Conservative and Liberal federal governments over the past 15 years.

However, multiculturalism is not without its critics in Canada. There is some anxiety, especially from the political right, that “multiculturalism is an exercise in postmodern identity politics that fragments the nation-building project” (Devoretz, 2006: 6). There has also been some immigrant opposition to multiculturalism. These critics disagree with the cultural essentialism of multiculturalism, seeing not only the benign project of cultural recognition, but also a more troubling (if unintended) consequence that reproduces cultural difference, thereby prescribing the appropriate cultural repertoire for any hyphenated Canadian. This argument was raised most persuasively by Neil Bissoondath (1994:11) in *Selling Illusions: The Cult of Multiculturalism*, where he argued that his Trinidadian past should have no bearing on his Canadian present. Rather he wanted to be a simple Canadian, unencumbered by ethnic expectations. He charged that multiculturalism contributed to the “containment, marginalization and ghettoization of essentialized immigrant identities”. Lisa Lowe (1996) has advanced an argument that the gaiety of multicultural festivals and the

welcome diversity of immigrant cuisines induce a sense of cultural equality, concealing a more insidious reality of immigrant marginalization in economic and political integration to national life. Despite these criticisms, multiculturalism is the official policy of the Canadian government and widely accepted by the Canadian population (Li, 2003; Jedwab, 2006).

We have so far looked at how the history of the Indian diaspora is different across the U.S. and Canada. The Indian diaspora in the U.S. is, like its Canadian counterpart, doing better economically and educationally compared to the U.S. average; in fact, it is now the best educated and wealthiest of all ethnic groups (U.S. Census, 2006). The Indian diaspora's economic success and educational attainment in the U.S., especially in comparison to other immigrant groups, should make it feel that achievement in the host society is based mainly on ability and hard work. However, given the U.S. emphasis on the 'melting pot' approach as opposed to multiculturalism, it is likely that the Indian diaspora in the U.S., despite being successful, would feel less at home compared to the Indian diaspora in Canada. This could also be inferred from fact that most of the prominent Indians in the political field in the U.S. are very conservative, as opposed to most other Indians and indeed, most other recent immigrants, which points to the idea that the most successful of all Indians politically are comfortable being part of the dominant 'establishment' as opposed to other struggling immigrant groups. Although the U.S. has strong laws against discrimination, discrimination against Indians is known to happen occasionally, such as the previously mentioned infamous 'maccaca' incident of 2006, and isolated attacks against Sikhs in the aftermath of the terrorist attacks of September 11, 2001.

The economic success of the Indian diaspora in both the U.S. and Canada would mean that they both have favourable opinions of their COR. However the Canadian policy of multiculturalism encourages Indo-Canadians to keep the cultures of their COO, as opposed to the U.S. policy of melting pot which encourages assimilation, so Indo-Canadians are more likely to feel at 'home' in Canada compared to Indian-Americans in the U.S. Indian-Americans are more likely to feel discriminated against compared to Indo-Canadians, given that instances of discrimination in the U.S., though still rare, seem to occur with more regularity than in Canada. Indian-Americans are more likely to see India as 'home', complementary to the idea that they are less likely to see the U.S. as 'home'. This leads us to the following hypotheses:

H1 a.) The Indian diaspora in Canada will see Canada more as 'home' compared to the Indian diaspora in the U.S. seeing the U.S. as 'home'.

H1 b.) The Indian diaspora in the U.S. will have a greater perception of being discriminated against than the Indian diaspora in Canada.

H1 c.) The Indian diaspora in the U.S. will see India more as 'home' compared to the Indian diaspora in Canada.

People who are more likely to feel discriminated in the COR are more likely to engage in investments in the COO and general trade and investment facilitation behaviours. This study defines trade and investment facilitation behaviours as recommending Indian products to non-Indians and generally introducing Indian culture to non-Indians. Since discrimination often leads to feelings of being unwelcome in the COR, people could respond by identifying more with the COO. One way of this could be by engaging in FDI in the COO. This could be done by utilizing their social networks in

the COO and the COR to help invest in the COO (an explanation of social networks and how they can be useful in helping drive FDI is given in the chapter on social capital).

People who feel more at 'home' in the COR are less likely to invest in the COO, since they have a lesser motivation to shift their resources to their COO; if they decide to invest in their 'home' country, the reasons should be purely instrumental.

H2 a.) The Indian diaspora in the U.S. is more likely to invest in India compared to the Indian diaspora in Canada.

H2 b.) The Indian diaspora in the U.S. is more likely to engage in trade and investment facilitation behaviours compared to the Indian diaspora in Canada.

3.4 Bicultural Identity

With the steady increase in minority populations in both the U.S. and Canada, it is not a surprise that ethnic minorities and biracial people are becoming an increasingly large part of the population. In fact, according to projections of the U.S. Census Bureau (2008), ethnic minorities will make up a majority of the U.S. population by 2042, up from about 26 % in 2006. The population of Canada is also becoming increasingly diverse, with Statistics Canada (2008) projecting that the proportion of Canada's visible minorities will rise from 13 % in 2001 to 20 % in 2017. In both of these countries, immigration will be one of the main drivers of population growth. This points to the increasing numbers and importance of biculturals - individuals who have internalized more than one culture. While biracial people and ethnic minorities often have to deal with bicultural identity, they are not the only groups that have to do so. In today's increasingly diverse and mobile world, growing numbers of individuals have internalized more than one culture and can be described as bicultural or multicultural (Benet-Martinez

and Haritatos, 2005). For example, one out of every four individuals in the United States has lived in another country and presumably has been exposed to and is familiar with more than one culture (U.S. Census, 2005). In addition, there are a large number of U.S.-born ethnic and cultural minorities (e.g., second-generation and third-generation descendants of immigrants) for whom identification and involvement with their ethnic cultures, in addition to mainstream U.S. culture, is the norm (Phinney, 2003).

In the immigrant acculturation context, ‘biculturals’ are individuals who identify strongly with both their primary ethnic culture and their secondary host culture (Berry, 1990). How biculturals adapt with and deal with their multiple cultural identities affects their success in the host culture. This could have a major impact on their involvement and potential success in trade and investment related behaviours.

Biculturalism can be associated with feelings of pride, uniqueness, a rich sense of community and history, while also bringing to mind identity confusion, dual expectations and value clashes (Haritatos and Benet-Martinez, 2002). Further, biculturals often report dealing with the implications of multiple racial stereotypes and pressures from different communities for loyalties and behaviours (LaFromboise, Coleman and Gerton, 1993). An important issue, then, is how individuals who have internalized more than one culture negotiate their different and often opposing, cultural orientations, as well as the role external and internal factors play in this process. This is especially true for the Indian diaspora, who are a part of two very different cultures. Their ability to adapt and deal with the often conflicting roles and expectations of these two cultures, to a large extent, shape their involvement and potential success in their trade and investment facilitation behaviours.

Bicultural individuals are those who have two internalized cultures that can guide their feelings, thoughts and actions (Hong, Morris, Chiu and Benet-Martinez, 2000; LaFromboise, Coleman and Gerton, 1993). Recent research on bicultural individuals has shown that the presence of culture-specific cues can elicit culture-specific attributions and values. For instance, in one series of studies, Chinese-American biculturals displayed more internal attributions when primed with American icons (e.g. Superman), and more external attributions when primed with Chinese icons (e.g., Chinese dragon, Great Wall) (Benet-Martinez, Leu, Lee and Morris, 2002; Hong, Morris, Chiu and Benet-Martinez, 2000). Similarly, Hong Kong Chinese and Chinese-Americans generated more collective self-descriptions when their Chinese identity was activated, than did North Americans (Ramirez-Esparza, Gosling, Benet-Martinez, Potter and Pennebaker, 2006).

Benet-Martinez et al. (2002) have proposed the theoretical construct of Bicultural Identity Integration (BII) as a framework for investigating individual differences in bicultural identity organization, focusing on biculturals' subjective perceptions of how much their dual cultural identities intersect or overlap. BII, which was drawn from an extensive review of the empirical and qualitative acculturation and biculturalism literature, captures the degree to which "biculturals perceive their mainstream and ethnic cultural identities as compatible and integrated vs. oppositional and difficult to integrate" (Benet-Martinez et al., 2002:9). Individuals high on BII tend to see themselves as part of a "hyphenated culture" (or even part of a combined, "third" emerging culture) and find it easy to integrate both cultures in their everyday lives. Biculturals low on BII, on the other hand, report difficulty in incorporating both cultures into a cohesive sense of identity (Phinney and Devich-Navarro, 1997). Although low BII biculturals also identify

with both cultures, they are particularly sensitive to specific tensions between the two cultural orientations and see this incompatibility as a source of internal conflict.

Moreover, low BIIs often feel as if they should just choose one culture.

BII involves two independent psychological constructs, cultural conflict and cultural distance, each representing unique and separate aspects of the dynamic intersection between mainstream and ethnic cultural identities in bicultural individuals (Benet-Martinez and Haritatos, 2005). More specifically, the psychometric independence of cultural conflict and distance suggests that they are formative (i.e., causal) rather than reflective (i.e., effect) indicators of BII (Bollen and Lennox, 1991). That is, rather than a latent construct with two resulting dimensions (cultural distance and conflict), BII should be understood as emerging or resulting from (rather than leading to) variations in cultural distance and conflict, perhaps BII should be conceptualized as a process more than a construct and cultural distance and conflict may be two important components in this process (Benet-Martinez and Haritatos, 2005).

3.4.1 BII: Cultural Conflict

This construct is based on the perception that mainstream and ethnic cultures clash with one another and seems to capture uniquely affective (vs. cognitive or neutral) aspects of the bicultural experience. This conclusion is supported by cultural conflict's pattern of antecedents (e.g., neuroticism) and its independence from traditional demographic, attitudinal and performance-related acculturation variables such as amount of cultural exposure, acculturation attitudes, and linguistic variables (Benet-Martinez and Haritatos, 2005). In this way, cultural conflict may be informative regarding affective

elements of the bicultural experience that have been overlooked in traditional acculturation research.

3.4.2 BII: Cultural Distance

In contrast to cultural conflict, the perception that one's two cultures are non overlapping, dissociated and distant from one another is related to more learning and performance related aspects of the acculturation experience, including the amount of exposure to each culture, acculturation attitudes (separation and/or integration), English and ethnic language proficiency and use and identification with mainstream culture (but not with ethnic culture) (Benet-Martinez and Haritatos, 2005). In this sense, perceptions of cultural distance are more similar to traditional acculturation concepts regarding attitudes and behaviours. Specifically, some biculturals may choose to keep their ethnic and mainstream identities separate in an effort to affirm both their intragroup (ethnic) similarity and intergroup (American) differentiation. For example, biculturals high on cultural distance may be keeping ethnic and American cultures separate to affirm their strong ties to their Indian culture while also differentiating themselves from the mainstream American cultural group. Cultural distance appears to be driven by dispositional factors, such as (low) openness, and perceived contextual pressures, such as stress in the linguistic domain and the experience of cultural isolation.

This study will use a modified version of the Bicultural Identity Integration Scale (BIIS) developed by Benet-Martinez and Haritatos (2005) to check for bicultural identity among respondents. This will help measure the level of bicultural identity among respondents, including both cultural distance and cultural conflict, and help answer the question as to how their perception of themselves as belonging to one and/or more

cultures affects their attitudes and behaviour towards their home and host countries. Since both cultural distance and cultural conflict are affected by personality and dispositional factors, we now take a brief look at personality and its potential impact on the activities of managers and entrepreneurs.

3.5 Personality

One of the most widely used frameworks for measuring personality is the Big-Five framework. The Big-Five framework enjoys considerable support and has become the most widely used and extensively researched model of personality (John and Srivastava, 1999). The Big-Five framework is a hierarchical model of personality traits with five broad factors - Extraversion, Agreeableness, Conscientiousness, Emotional Stability and Openness to Experience - which represent personality at the broadest level of abstraction. The Big-Five Framework scales have shown high internal consistency, validity and retest reliability, and clear factor structure (John and Srivastava, 1999, John, Naumann and Soto, in press).

The first dimension in the Big-Five framework is Extraversion/Introversion. Traits frequently associated with this dimension include being sociable, gregarious, assertive, talkative and active (Barrick and Mount, 1991). It consists of two components: Ambition (initiative, urgency, ambition and impetuous) and Sociability (sociable, exhibitionist and expressive).

The second factor has been most frequently called Emotional Stability, Stability, Emotionality, or Neuroticism (Conley, 1985; John, 1989; McCrae and Costa, 1985). Common traits associated with this factor include being anxious, depressed, angry, embarrassed, emotional, worried and insecure.

The third dimension has generally been interpreted as Agreeableness or Likeability (Conley, 1985; Goldberg, 1981; John, 1989; McCrae and Costa, 1985). Traits associated with this dimension include being courteous, flexible, trusting, good-natured, cooperative, forgiving, soft-hearted and tolerant.

The fourth dimension has most frequently been called Conscientiousness (Botwin and Buss, 1989; John, 1989; McCrae and Costa, 1985), although it has also been called Conformity or Dependability. Because of its relationship to a variety of educational achievement measures and its association with volition, it has also been called Will to Achieve or Will (Digman, 1989) and Work (Peabody and Goldberg, 1989). Conscientiousness reflects dependability; that is, being careful, thorough, responsible, and organized; and it also incorporates volitional variables, such as hardworking, achievement-oriented and persevering.

The last dimension is often called Openness to Experience (McCrae and Costa, 1985). Traits commonly associated with this dimension include being imaginative, cultured, curious, original, broad-minded, intelligent and artistically sensitive.

Personality traits are related to certain occupational criteria, such as job performance, training proficiency and job satisfaction (Berg and Feig, 2003). Barrick and Mount (1991) found that conscientiousness, extraversion and openness to experience are related to performance criteria across occupational groups, that openness to experience is related to job performance managers but not professionals, and that openness to experience is related to job proficiency.

The Big-Five model has proved to be fairly robust in its applicability across cultures. Studies using translations of the Big-Five measures have reliably replicated the

same five-factor structure across many different cultures and languages (McCrae and Costa, 1997). Additional support for the cross-cultural robustness of the Big-Five dimensions comes from cross-cultural studies using translated versions of personality scales that do not measure the Big-Five per se, such as the Personality Research Form and the Nonverbal Personality Questionnaire (Paunonen and Ashton, 1998). In a cross cultural study involving 56 countries, Schmitt, Allik, McCrae and Benet-Martinez (2007) found that the Big-Five model was remarkably robust across different cultures. Additionally, self and peer ratings of the Big-Five personality factors seem to converge in other cultures as much as they do in American samples (Smith, Spillane and Annus, 2006), and the same five factors emerge when the factor analyses are done at the national level (Allik and McCrae, 2004).

Past research has shown some interesting findings about the relationship between innovativeness and personality traits. In a study on creativity and artistic endeavor, Gelade (2002) found that innovativeness is positively correlated with the personality traits of extroversion and openness to experience and negatively correlated with conscientiousness and neuroticism. Although there has not been much research of this relationship in organizational settings, Zhao and Seibert (2006) in a meta-analytical review on the relationship between personality and entrepreneurial status pointed to significant differences between entrepreneurs and managers: entrepreneurs tended to score higher on conscientiousness and openness to experience and lower on neuroticism and agreeableness compared with managers.

This study will control for the effects of personalities with respect to Indo-Canadians and Indian-Americans during data analysis. After controlling for the effects of

personality, it will examine the differences in bicultural identity between the Indian diaspora in Canada and the U.S. Canada's official policy of multiculturalism, as opposed to the U.S. experience of the melting pot, should make the Indian diaspora feel less conflict between their home and host cultures in Canada, as they are allowed and even encouraged to maintain their own culture. Thus despite having two very different cultures, the Indian diaspora should feel less conflict between the two cultures because of the policy of multiculturalism. However, there should be no difference in the feelings of the two diasporas as to how far apart the two cultures are, since according to Hofstede and the GLOBE dimensions, the Canadian and U.S. cultures are fairly similar compared to the Indian culture. Thus the distance that the two diasporas feel between their home and host cultures should be the same.

H3 a.) The Indian diaspora in the U.S. would display a higher level of cultural conflict than the Indian diaspora in Canada.

H3 b.) The Indian diaspora in the U.S. will display an identical amount of cultural distance as compared to the Indian diaspora in Canada.

Given that individuals with low levels of bicultural identity, both in terms of cultural conflict and cultural distance, are less likely to have a sense of cohesive cultural identity (Benet-Martinez et al., 2002), they will be less effective in facilitating trade and investment. This could also be because with a less cohesive cultural identity, their social networks will not be as well developed in their COO and COR. In addition, a low bicultural identity could mean a lesser likelihood of appropriately switching cultural frames, and this could reduce the likelihood of engaging in successful trade and investment facilitation behaviours. However, a higher degree of cultural conflict will

make them more likely to have more personal investments in the COO, since they are less likely to see the COR as ‘home’.

H3 c.) Individuals high on cultural conflict will be less likely to engage in trade and investment facilitation behaviours.

H3 d.) Individuals high on cultural distance will be less likely to engage in trade and investment facilitation behaviours.

H3 e.) Individuals high on cultural conflict will have more investments in their home countries.

So far we have looked at the idea of being Indian as an identity that takes precedence over any other sub-national or sub-regional identities that the Indian diaspora might have. Although individuals can be bicultural on a national cultural level, an important issue that needs to be further investigated is whether their actions can in addition be affected by sub-national or regional identities. We next take a look at how regionalism could impact the trade and investment facilitation behaviours of the Indian diaspora.

3.6 Regionalism within the Indian Diaspora

There is a distinct trend of Indians from particular regions settling abroad, and of engaging in particular occupations. Two of the biggest communities from India that have settled abroad are the Gujaratis and the Punjabis (Bal, 2006). The Gujaratis hail mainly from the northwestern Indian state of Gujarat, while the Punjabis make up the majority of the people in the greater Punjab region that includes the northern Indian states of Punjab, Haryana, Himachal Pradesh and the Union Territories of Delhi and Chandigarh (The Punjab province in Pakistan is also home to the majority of Punjabis in the world, but in

this dissertation I will be discussing solely the Punjabis in India). Gujaratis constitute the largest community in terms of actual numbers among the Indian diaspora, while the Punjabis are more numerous than all others in terms of their proportion to the total population of Punjab (Bal, 2006). A brief look at the history of these two communities will give us a better idea of how immigration from different parts of India has developed over time and how this affects the current behaviour of these two groups.

A number of studies (Ballard and Ballard, 1977; Helweg, 1986; Judge, 1994) on migration of Punjabis to various parts of the world have identified three important reasons for them to migrate: poverty and sub-division of land due to the law of inheritance in India; the Punjabi perception of prestige and status and to earn money to buy land and construct big houses in villages back home. In the first phase, Punjabis, mainly Sikhs, went to foreign countries to earn money never intending to stay there but many of them even after returning to India were pushed by families back home to return to developed countries. Immigrants of the second phase went with a clear understanding of settling in the country of destination. The early migrants were the soldiers in the Royal Army and when they went to attend the Golden Jubilee celebrations of Queen Victoria's rule in Canada, some of them decided to settle in Canada and other countries, and proceeded to do that after finishing their enlistment terms (Judge, 1994).

'Gujarati' as a word signifies the inhabitant of a region, i.e., Gujarat state in India. In common parlance in India, however, this word is taken to mean a businessman of any sort, as Gujarati and business have become synonymous. This is mainly due to the highly entrepreneurial nature of the Gujarati community. Some of India's most prominent business families have been Gujarati, such as Tata and Ambani. At present both

Gujaratis and Punjabis are found in all parts of the world. These groups have many things in common with the exception that most of the diaspora from Punjab are Sikhs (Bal, 2006). However, the history of migration of Punjabis has been very different from that of the Gujaratis. One of the distinctions, historically speaking, is the preferential recruitment of the Punjabi Sikhs by the British army, which was based on the British notion of them belonging to a 'martial race'. The migration of Punjabis to various countries was usually a direct result of their recruitment into the army; these ex-soldiers often became pioneers among the Punjabi diaspora. The Gujarati migration, however, began with the exploration of business opportunities in Africa. The Gujaratis became one of the biggest communities of Indians in East Africa, focusing mainly on trade and white-collar occupations (Bal, 2006).

Among Indian immigrants in countries such as the U.S., Canada and the U.K., Punjabis are more likely to be confined to blue-collar jobs in the unorganized sector, whereas the Gujaratis are more likely to be engaged in their own businesses (Bal, 2006). Among Indian-Americans, Punjabis were the first to settle in America in the Northern California region around the late 19th century. The oldest Indian community in the U.S., in Yuba City, California, consists mainly of Punjabi Sikhs who are mainly farmers. Then came the Gujaratis, many of whom were a part of a double diaspora as they had first gone to Trinidad and Tobago, Uganda or the U.K. and after living there for some time, in some cases, for a few generations, they migrated to America. In the first wave, the Gujaratis were professionals and had an upwardly mobile thrust. The second wave comprised of sponsored immigrants who were generally less educated. Gujaratis constitute the most visible and widespread community across regions and occupations within the Indian-

American community; they are estimated to be more than 40 % of the Indian-Americans (Bal, 2006). Gujaratis are often characterized by other Indians as a ‘business community’ in the U.S. and they are engaged especially in the hospitality business. They run many motels; a few of them are engaged in the luxury hotel business. Many of the Indian shops and businesses that have sprung up in New York since 1965 are Gujarati owned and managed (Bal, 2006). They are also in retail businesses such as grocery stores, convenience stores, candy stores, restaurants and liquor stores and many are engaged in running service stations. Many Gujaratis are professionally employed while simultaneously running a business with the help of their wife, children, other kinsmen and/or friends (Fisher, 1980). More recently, starting especially in the late 1980s and early 1990s, South Indian immigrants outnumbered Punjabis and Gujaratis as new arrivals in the U.S. The largest wave of Indian immigration to the U.S. occurred during the tech boom in the late 1990s, and South Indian immigrants, a large number of whom came with IT backgrounds and settled on the West Coast, were particularly well represented within that cohort . There has not been much research into the numbers or socio-economic characteristics of South Indian immigrants to the U.S. so far, however.

Both the Gujaratis and the Punjabis were initially largely dependant on family-based small business strategies of economic adjustment. This was mainly because the only resource available to those with few material assets and low-level skills was their family (Bal, 2006). Waldinger, Aldrich and Ward (2000) have developed an explanation for immigrant enterprise that emphasizes the interactions between opportunity structure of the host society and the group characteristics and social structure of the immigrant community. The demand for small business activities emanates from markets whose

small size, heterogeneity or susceptibility to flux and instability limit the potential for mass distribution and mass production. Small-scale enterprises lower the entry barriers to immigrants with limited capital and technical resources.

Prior to independence from the British in 1947, India historically was a collection of regional states and dynasties. Even though these states usually owed allegiance to a central ruler (for e.g., the Mughal dynasty between the sixteenth and nineteenth century), they often acted independently of one another on a large number of issues. India's large and diverse population often preserved and nurtured different cultural, religious and social practices. Zaheer, Lamin and Subramani (2009) go as far as to suggest that after independence in 1947, India achieved an administrative unification laid on top of a heterogeneous socio-cultural base – 'much like the European Union of today' (952). Given the long tradition of strong regional influence, as well as the strong collectivism that is a part of the Indian culture, there could be a strong tendency towards regionalism within the Indian diaspora. In addition, since social networks are often based on ties of homophily (explained fully in a later chapter), the likelihood of having them in a respondent's home state are greater than having them in any other state. The strong trend of regionalism combined with a greater prevalence of social networks in the home state would mean the diaspora is more likely to invest in their respective home states as compared to other states in India.

H4) Indians from a particular state are more likely to invest in that state compared to any other state within India.

So far, we have looked at the experience of Indian immigrants mainly from the perspective of the COR and its policies regarding immigrant acculturation. However,

since we are studying immigrants driving the trade and investment relationship between the COO and COR, it is important to know the reasons behind why immigrants choose to come to the COR and what sometimes causes them to return to the COO. This can also serve as a building block as to 'how' immigrants and their descendants can affect trade and investment ties between the COO and COR. In attempting to explain why immigrants often move to the host countries, and why they sometimes move back, we turn now to the concept of 'brain circulation'.

4.0 BRAIN CIRCULATION

The term 'brain drain' usually refers to well-educated people from developing countries migrating to developed countries. At a national level this occurs when immigrants move from developing countries to developed countries, most notably from Asia to North America and Europe (Creehan, 2001, Crush, 2002; van Rooyen, 2001). The impact of globalization has greatly increased the mobility of people across geographical and cultural boundaries (Baruch, 1995; Iredale, 2001; Kooser and Salt, 1997; Shenkar, 2004; Stalker, 2000). An increased level of mobility is an important manifestation of the internationalization of professions and professional labour markets (Ackers and Bryony, 2005; Carr, Inkson and Thorn, 2005; Iredale, 2001). One additional case of the 'brain drain' happens when students from developing countries studying in the developed countries decide not to return home after their studies (Baruch, Budhwar and Khatri, 2007). The issue of 'brain drain' versus 'brain gain' for different countries caused by the inclination of students to stay at the host country is of major relevance for both individuals and their home nations (Tung and Lazarova, 2006). While 'brain drain' might be a big disadvantage for developing countries, it often can be of benefit to developed countries in that they get well trained and educated people without having to pay the costs of training and educating them.

However, increasingly, the old dynamic of 'brain drain' is giving way to what Saxenian (2002) calls 'brain circulation'. Most people instinctively assume that the movement of skill and talent must benefit one country at the expense of another. But thanks to brain circulation, high-skilled immigration increasingly benefits both sides.

DeVoretz and Ma (2002), in a study of Hong Kong immigrants to Canada, identified two major trends: one, after obtaining their advanced education and work experience in Canada, many Hong Kong immigrants chose to return to their country of origin (COO) to take advantage of better career opportunities and lower taxes there. Two, they found that Hong Kong immigrants who chose to return to Hong Kong were, in general, more highly educated and wealthier. They also found that the same pattern applied to Indian immigrants to Canada. They characterized this situation as the “triangular human capital flow” because what was once a brain drain from Hong Kong and India and hence Canada’s brain gain, has now been reversed as Canada suffers a brain loss through the return of immigrants to their COO (DeVoretz and Ma, 2002: 53). However, this brain loss on Canada’s part may not be permanent as many of these return immigrants also highly value their Canadian passports and the quality of life in Canada and could return to Canada in the future (Tung, 2008).

The term brain circulation is now often used to discuss the return migration of highly skilled immigrants to their home countries (DeVoretz, 2006). Changing mobility conditions across a variety of sending and receiving countries in the mid-1990s led to a new and more general variant of the historical brain drain-gain issue, namely the phenomenon of brain circulation. Brain circulation can be seen as a series of sequential movements by highly skilled workers across two or more states (DeVoretz and Ma, 2002). These states could include the sending region, the initial receiving region and the rest of world. Moreover, the movement may not be temporary. Rather substantial periods of residence may occur so that the immigrant may acquire citizenship and human capital in the receiving country before moving again (DeVoretz and Zhang, 2004).

One particularly poignant and contemporary example of ‘brain circulation’ is immigrant entrepreneurship in the Silicon Valley. According to a report by AnnaLee Saxenian (2006), Indians founded 15 % of all Silicon Valley start-ups. The study also found that 53 % of the science and engineering workforce in the valley is foreign-born, and that one-quarter of immigrant founded engineering and scientific companies in the United States during the past decade were created by Indians. These companies had \$ 52 billion in sales and created 450,000 jobs.

A number of forces that came to the forefront in the 1990s helped reconfigure the until then bilateral brain drain into a multilateral brain circulation or triangular flow of human capital phenomenon (DeVoretz, 2006). First, a robust economy in North America with an expanding IT sector fuelled the demand for highly skilled immigrants. This was filled largely, though by no means exclusively, by IT graduates from India. This alone would have however simply led to a bilateral movement of skilled workers or a typical ‘brain drain’ in the absence of new institutional and legal frameworks. The first major institutional change was the proliferation of dual citizenship policies which allowed some highly skilled immigrants to move continuously between their erstwhile home country and the receiving country (DeVoretz and Pivnenko, 2006). In addition, the second citizenship often conferred even more extensive mobility rights. For example, naturalized Canadian citizens could enter the United States under a NAFTA visa created especially for trade related migration. In addition, to the traditional mode of permanent movement culminating in citizenship, temporary visas became more plentiful, especially the H1-B in the United States which accelerated the movement of highly skilled immigrants especially from India and China. These temporary visa holders were then

often able to adjust to a permanent status in the United States or move on to the other parts of the world, or back to their COO.

Another major force emerged in the early 1990s to accelerate ‘brain circulation’ as China relaxed its exit requirements to allow highly skilled Chinese to leave for educational purposes, with the expectation that at least one-third would return to China. Constraints in the Chinese educational system, including higher fees and increased competition for admission to the best schools, encouraged Chinese student immigration to North America. These students often converted their temporary student visas to a more permanent status. For its part, India instituted partial dual citizenship to Indian foreign citizens and this facilitated Indian ‘brain circulation’ (DeVoretz, 2006).

In addition, the rise in foreign direct investment to the immigrant’s home country financed by immigrant remittances often required the periodic presence of these immigrant investors, giving rise to transnational households. Thus, a common pattern that emerged was of one spouse investing and working in the sending country and one spouse in North America. Periodically, the original immigrant to North America would return to his home country, assuring continuous ‘brain circulation’ (DeVoretz, 2006).

For highly skilled immigrants, it might be possible to maximize their net income gain by moving in a sequential pattern; first to a lower income country, like Canada, which supplies subsidized human capital (such as high quality publicly funded higher education and training) and then consider returning home or moving on to the rest of the world once they became naturalized Canadians. In the context of brain circulation the role of push and pull forces becomes blurred. Many traditional pull forces, such as access to subsidized education and the prospect of Canadian citizenship with a passport,

initially attract immigrants, but, once acquired, act as a push force to send immigrants home or on to a third country (DeVoretz, 2006).

In the Silicon Valley, far from simply replacing native workers, foreign-born engineers and entrepreneurs are starting new businesses and generating jobs and wealth at least as fast as their U.S. counterparts. The pace of immigrant entrepreneurship has accelerated in the past decade. According to the Kauffman Foundation (2007a), immigrants tended to have higher entrepreneurial activity rates compared to native born Americans. In 2006, immigrants had an entrepreneurial activity rate of 0.37 % compared to native born Americans at 0.26 %. Asian-Americans were the only major racial group whose entrepreneurial activity had gone up between 2005 and 2006, increasing from 0.27 % to 0.32 %. In an earlier study, Camarota (2000) found that the rate of self-employment among the Chinese, Hong Kong and Taiwanese immigrants (13.1 %) and Indians (13.7 %) is higher than average non-immigrant population in the United States (11.8 %).

Silicon Valley's high-tech immigrants have often relied on ethnic strategies to enhance entrepreneurial opportunities. Seeing themselves as outsiders to the mainstream technology community, foreign-born engineers and scientists in Silicon Valley have created social and professional networks to mobilize the information, know-how, skill, and capital to start technology firms. The dynamism of emerging regions in India now draws many of these skilled immigrants homeward. Even when they choose not to return home, they often serve as middlemen linking businesses in the United States with those in India. The professional and social networks that link new immigrant entrepreneurs with each other are increasingly providing cross linkages that connect new immigrants

with their counterparts at home. These new transnational communities provide the shared information, contacts and trust that allow local producers to participate in an increasingly global economy (Saxenian, 2002).

The Silicon Valley experience underscores far-reaching transformations of the relationship between immigration, trade and economic development in the 21st century. Where once the main economic ties between immigrants and their home countries were remittances sent to families left behind, today more and more skilled U.S. immigrants eventually return. Evidence from the “America’s New Immigrant Entrepreneurs Survey” by the Kauffman Foundation (2007b), a survey of employment based high-skilled individuals in the U.S., indicated that approximately one in five new legal immigrants and about one in three employment principals either plan to leave the United States or are uncertain about remaining. Those who remain in the U.S. often become part of transnational communities that link the United States to the economies of distant regions. These new immigrant entrepreneurs thus foster economic development directly, by creating new jobs and wealth, as well as indirectly, by coordinating the information flows and providing the linguistic and cultural know-how that promote trade and investment with their home countries (Saxenian, 2002).

The rise of ‘brain circulation’ signals the need for a new type of business executive, one that is both technologically proficient and culturally savvy. This becomes especially important in the case of companies from emerging economies, such as India and China, who often have face a dilemma in attracting qualified talent to work for them. On the one hand, growing affluence at home has enabled a large number of their people to pursue advanced education abroad. Upon graduation in disciplines that are in high

demand, many of these students are lured to remain in their adoptive countries through higher salaries and living standards. On the other hand, however, because of rapid economic development at home, the native countries of these students are also anxious to attract them to return (Tung, 2007). This situation has created an unprecedented demand for people who possess cross cultural managerial skills to compete successfully in a global economy. In India's case, given the growing desire by Indian companies to invest abroad, (details about Indian companies that have invested abroad in the last five years are provided in a later section), it is especially important since the lack of trained personnel could affect these expansions. The lack of trained people can come about through not having people who are so trained, or by these trained people not wanting to work for Indian companies. This could occur because a number of people who are otherwise qualified might choose not to work for companies from developing countries because of the perception that there are not enough career opportunities in developing company multinationals, because of geographic distance, cultural distance or because of the lower quality of life in developing countries. One short term way of getting over this problem is to recruit people in the host countries. These would typically be host country nationals or people of the home country's diasporas. It might also be possible to fill up this gap through using nationals of a third country, provided they are trained in the technical fields and have the cross cultural skills necessary for international operations. However, given the fact that members of the home country diasporas are more likely to be bicultural and well versed in the culture of the host economy, recruiting among them could give companies from emerging economies, like India, a competitive advantage in the crucial battle for managerial talent (Chand, 2008).

The communities that suffered the most from the post war ‘brain drain’, especially those from Taiwan, Israel, China and India, are those that have benefited the most from ‘brain circulation’. Saxenian (2006) terms these people, who typically have contacts and/or business interests in both the home and host countries, as the ‘New Argonauts’. Developing countries that invested the most in high quality higher education were the most likely to lose their most promising young people to developed countries (starting typically with higher education abroad). These countries initially also lacked the industrial base to employ the large numbers of graduates who did not leave the country. However, in recent years, U.S. educated professionals have started to return to their home countries. By returning home, these ‘New Argonauts’ have created economic and professional opportunities for former classmates and subsequent generations of technical graduates, ultimately reducing the ‘brain drain’ and giving rise to ‘brain circulation’ (Saxenian, 2006).

These returning entrepreneurs and professionals often attempt to combine, with various levels of success, elements of the Silicon Valley industrial system with the system in their home countries. This typically involves attempting to transfer venture finance capital, merit based advancement and corporate transparency to economies with traditions of elite privilege, government control and widespread corruption. For example, in India, early entrepreneurs relied on private telecommunications facilities and power supplies rather than rely on the country’s state run infrastructure and tried to create more egalitarian organizational structures with in their new enterprises (Saxenian, 2006).

The Indian professional associations created forums for continuous information exchange and communication, helping later immigrants to integrate into Silicon Valley’s

larger labour and social networks. Local ethnic professional associations like the Silicon Valley Chinese Engineers Association, The Indus Entrepreneur (TIE), and the Korean IT Forum provide contacts and resources for recently arrived immigrants (Saxenian, 2002). Many of the professional Indian groups in North America have become important cross-generational forums. Older engineers and entrepreneurs in both the Chinese and the Indian communities now help finance and mentor younger co-ethnic entrepreneurs. Within these networks, "angel" investors (usually wealthy individuals who invest in start up companies in exchange for ownership equity) often invest individually or jointly in promising new ventures. The Indus Entrepreneur, for example, aims to foster entrepreneurship by providing mentorship and resources within the South Asian technology community (Saxenian, 2002). Most importantly, these ethnic professional networks helped first generation immigrants overcome the barriers to promotion that many faced in the region's established companies. Although Indians often segregate themselves based on regional and linguistic differences (Bengalis, Punjabis, Gujaratis, Tamils and so on), in the Silicon Valley, the Indian identity seems to have subsumed the regional distinctions to a certain extent. Alumni ties are a vital part of the collective identity of Silicon Valley immigrants, many of whom came from elite local universities. The various branches of the Indian Institute of Technology (IIT) - Mumbai, Kanpur, Madras and New Delhi, host regular alumni events and provide a strong source of informal networking. They often help their alma mater with money, NRI conferences, policy and professional conferences (Saxenian, 2006).

One of the scarcest resources in this highly globalized environment is the ability to locate foreign partners quickly and to manage complex business relationships across

cultural and linguistic boundaries (Saxenian, 2002). The challenge is keenest in high-tech industries whose products, markets and technologies are continually being redefined - and whose product cycles are exceptionally short. For them, first-generation immigrants like the Indian engineers of the Silicon Valley, who have the language, cultural and technical skills to thrive in both the United States and the home markets, are invaluable. Their social structures enable even small producers to locate and maintain collaborations across long distances and gain access to Indian capital, manufacturing capabilities, skills and markets.

These ties have measurable economic benefits. For every 1 % increase in the number of first-generation immigrants from a given country, for example, California's exports to that country go up nearly 0.5 % (Saxenian, 2002). The effect is especially pronounced in the Asia-Pacific region where, all other things being equal, California exports nearly four times more than it exports to comparable countries elsewhere in the world. This also provides evidence for the importance of social networks in transnational business. In order to provide an explanation of how these networks come about and their importance in trade and investment decisions, we now take a detailed look at the concept of social capital. Social capital is especially important in the case of diasporas, as they have different social networks in the COO and COR and it is the interaction of these that should help drive trade and investment ties between these countries. In the case of the Indian diaspora, their social ties and networks in both their COO and COR and the interaction between these different networks are vital in their cross-border business activities. Thus, understanding the concept of social capital becomes vital in explaining the role of the diaspora in promoting these ties.

5.0 SOCIAL CAPITAL

Social capital is the ability of individuals to secure benefits by virtue of membership in social networks or other social structures (Portes, 1995). Social capital provides access to information (Adler and Kwon, 2002), influence, control and power (Coleman, 1988), a basis for community solidarity (Coleman, 1988), a source of social control and a source of network mediated benefits (Portes, 1995). It is inherent in the structure of people's relationships with one another and lies in the social structure within which the actor is situated.

5.1 Social Capital Background

The first systematic definition of social capital was provided by Pierre Bourdieu (1985:248), who defined the concept as “the aggregate of actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition”. Another important piece of work regarding social capital was Granovetter (1985) who presented the idea that most human behaviours are closely embedded in networks of interpersonal relations. According to him, networks of social relations, rather than institutionalized morality, are mainly responsible for the production and maintenance of trust and order in economic life. Coleman defined social capital by its function as “a variety of entities with two elements in common: they all consist of some aspect of social structures and they facilitate the certain action of actors whether persons or corporate actors within the structure” (Coleman, 1988:98). In 1990, Baker defined social capital as “a resource that actors

derive from specific social structures and then use to pursue their interests; it is created by changes in the relationship among actors” (Baker, 1990:619).

From these definitions, we can distil a number of common themes about social capital. According to Portes (1995), social capital is the ability of actors to secure benefits by virtue of membership in social networks or other social structures. It is inherent in the structure of people’s relationships with one another. Social capital’s sources lie in the social structure within which the actor is situated. Adler and Kwon (2002) define social relations as relations in which favors and gifts are exchanged, usually in a tacit fashion, with diffuse but symmetric terms of exchange.

The importance of social ties is greatly magnified in transition and emerging economies, especially in cases where market institutions are weak (Luk, Yau, Sin, Tse, Chow and Lee, 2008). Government involvement is usually heavy in transition economies (Boisot and Child, 1988, 1996; Child and Tse, 2001; Kornai, 1992; Puffer and McCarthy, 2007; Thun, 2006; Walder, 1995). Heavy government involvement means that the uncertainties businesses face are institutional uncertainties instead of market uncertainties (Lin, Cai, and Li, 1998; O’Connor, Deng, and Luo, 2006; Puffer and McCarthy, 2007). The state plays an active role in promoting “priority projects” or “pillar industries” (Thun, 2006), creating a protected environment to limit market uncertainties (Boisot and Child, 1988). In these situations, the social capital developed through government and industry contacts is even more important than in industrialized economies. Changes in state policies can be unpredictable, creating institutional uncertainties. In an emerging economy such as India, these ties become even more

important, since information that in industrialized economies flows through formal institutions often flows through informal channels in emerging economies.

Another common feature of emerging economies is the emphasis on informal personal relationships. Although Boisot and Child (1988, 1996) argued that the reliance on informal relationships is peculiar to Chinese culture, research shows that firms in other transition economies, including Hungary (Whitley, Henderson, Czaban, and Lengyel, 1996) and Russia (Hitt, Ahlstrom, Dacin, Levitas and Svobodina, 2004, Puffer and McCarthy, 2007), also rely on trust in informal relations to do business.

Peng, (2002, 2003; Peng and Luo, 2000) attributed it to institutional voids: that is, the lack of formal market-supporting institutions, such as a transparent legal system and non-corrupt law enforcing bodies. Although India as a country to do business in is very different from the transition economies discussed here, it shares a number of similarities, such as comparatively weak market institutions and a relatively strong government presence in the private sector. Zaheer et al. (2009) in their survey of 281 IT enabled service providers in India found that the role of ethnic ties on location choice rivaled that of traditional factors such as location attributes and cluster capabilities. Thus the importance of social ties in doing business, especially in the absence of the strong institutional frameworks that are typically present in industrialized countries, cannot be overemphasized.

In host countries, immigrant social networks are shaped by the characteristics of the immigrant stream and the conditions of the host society (Gurak and Cases, 1992; Kirtz and Zlotnik, 1992; Portes and Bach, 1985; Sanders, Nee and Sernau, 2002). Social networks can often constitute a virtual reformation of social organization in the sending

society (Sanders, Nee and Sernau, 2002). Thus immigrants often from social structures within their own communities in host societies that mirror those of their COO. However, sometimes immigrant social networks can form new forms of social organization that reflect immigrants' efforts to deal with the new circumstances that they encounter in the host society (Waldinger, 1995). These networks are largely based on family and ethnic ties, which constitute a form of social capital that immigrants can draw on in an effort to improve their economic and social circumstances (Portes, 1995).

5.2 Positive Effects of Social Capital

- ❖ **Access to Information:** The first benefit of social capital is access to information; for the focal actor, social capital facilitates access to broader sources of information and improves information quality, relevance and timeliness (Adler and Kwon, 2002). This was illustrated by Coleman (1988) with the example of a scientist catching up with the latest research in related fields through everyday interaction with colleagues. At the organizational level, social capital enhances organizational innovativeness by facilitating the flow of information (Adler and Kwon, 2002; Ahuja, 2000; Nahapiet and Ghoshal, 1998; Sandefur and Laumann, 1998).
- ❖ **Influence, Control and Power:** Influence, control and power constitute a second important benefit of social capital. In Coleman's example of the "Senate Club," some senators are more influential than others because they have built up a set of obligations from other senators and they can use those credits to get legislation passed (Coleman, 1988). Such power benefits allow the focal actors to get things done and achieve their goals. Thus social capital is like a "club good", serving to maintain the

privileges and status of the club members (Field, 2003). Benefits are given by one member to another to increase cohesion (Gabbay, 1997).

- ❖ **Community Solidarity:** The third benefit of social capital is solidarity. Strong social norms and beliefs, associated with a high degree of closure of the social network, encourage compliance with local rules and customs and reduce the need for formal controls. The effectiveness of rotating credit associations in migrant communities and the low dropout rate among Catholic school students (Coleman, 1988) illustrate these solidarity benefits of closure and trust. In the organizational culture literature we find similar phenomena in organizations with strong culture and solidarity. This confers exclusive opportunities, such as convenient access to resources and business contracts (Davies, Leung, Luk and Wong, 1995; Nahapiet and Ghoshal, 1998), regardless of the virtues or capabilities of the recipient (Luk et al., 2008).
- ❖ **Source of Social Control:** A fourth important benefit of social capital is that it acts as a source of social control (Portes, 1995). In this function, social capital helps in rule enforcement. Social capital created by tight community networks is useful to parents, teachers and law enforcement officials as they seek to maintain discipline and promote compliance among those under their charge. This type of social capital mainly works through bounded solidarity and enforceable trust and its main benefit is that it renders formal control mechanisms unnecessary.
- ❖ **Source of Network Mediated Benefits:** Probably the most common function attributed to social capital is as a source of network mediated benefits beyond the immediate family (Portes, 1995). It is usually used to explain social stratification to

explain access to employment, mobility through occupational ladders and entrepreneurial success. The main idea is that social connections are instrumental in furthering individual mobility. Grannovetter (1985) coined the term “the strength of weak ties” to refer to the power of indirect influences outside the immediate circle of family and friends to serve as an informal employment referral system. Lin (1999) hypothesized that having both strong and weak ties enhances the extensivity of individual networks, and extensive ties afford better opportunities for individuals to locate the resources useful for individual actions.

5.3 Positives of Social Capital in Immigrant Communities

The impact of social capital on community development has often been studied in the context of immigrant communities. Studies of New York’s Chinatown (Zhou, 1992), Miami’s Little Havana (Portes, 1987; Portes and Stepick, 1993; Perez, 1992) and of Los Angeles’ Koreatown (Light and Bonacich, 1988; Nee, Sanders and Sernau, 1994) consistently highlight the role of community networks as a source of vital resources for these ethnic firms. Such resources include but are not limited to start-up capital, tips about business opportunities, access to markets and a pliant and disciplined labour force (Portes, 1998).

For example, during the late 19th and early 20th century, the upward mobility of Jewish and Japanese immigrants in the United States was aided by their strong community ties (Sanders and Nee, 1996). Bonds of solidarity between immigrant South Asian communities in the U.K. have also been crucial to facilitating the economic development of their migrant members as they make the transition from economic refugees to citizens. The basis of this informal support is the notion of social capital

offered to kinsmen who come in with finite resources (Janjuha-Jivraj, 2003). Resources such as finances, labour and information have often been cited as examples of the benefits of social capital being made available for members of ethnic migrant communities. The support offered through extended family members and kinship ties has often been highlighted as the means by which migrant businesses are able to negotiate the highly competitive nature of ethnic markets. As most of the Indian diaspora in North America are either immigrants or second generation North Americans, it is important to understand the role that their social ties in their host and home play in their economic mobility in their host society.

A recent example of the role played by the existence of strong community ties in the commercial success of an immigrant group would be the case of Cuban exiles in Miami, Florida (Portes and Sensenbrenner, 1993). Their local credit associations and the system of 'character loans' (loans without collateral based on personal reputation in Cuba) had the effect of allowing penniless immigrants who had no standing in the American banking system to gain a foothold in the local economy. Character loans to a large extent made possible the creation of a network of Cuban small and medium firms that are now the core of the Cuban ethnic economy in Miami.

In driving trade and investment, it is often important for immigrants to first gain an economic foothold in the COR - i.e., have both the financial and social resources to have influence within the COR. This influence can then be used to set up businesses that trade or invest across both countries or to generally influence COR policy towards the COO. It is through the use of their social capital in the form of ties with their ethnic kinsmen in the COR that immigrants often acquire this foothold within the COO. This is

not to say that ties across ethnic communities are less important, but simply that at least in the early phases of settlement, ties within the ethnic community tend to be the most easily available and are vital in securing economic and social benefits within the COO. These same ties can later form the basis for social networks that help drive trade and investment between the COO and COR.

5.4 Negative Effects of Social Capital

❖ **The Costs of Community Solidarity:** As we have seen in the previous example of Cubans in Miami, the existence of some measure of trust and solidarity within the community is a precondition for the emergence of a network of successful enterprises. The same sentiments can however, also prove to be the undoing of such a network. Often, the community feels that the successful entrepreneurs have a social obligation to provide jobs to members of their community (Portes, 1995). Given the community solidarity and mutual support expectations, especially of successful entrepreneurs, it can be hard to turn these kinsmen away. One result of this could be to turn successful enterprises into welfare providers for the community, checking their further growth. In the case of the Indian diaspora in North America, this could mean that Indian owned businesses are ‘forced’ by community expectations to hire only Indians, or at least prefer them for employment; while Indian professionals would be expected to go out of the way to help fellow Indians in their respective professions, even at the expense of other more qualified individuals. Grannovetter (1994) noted that this is the same problem that classic development theory identified among traditional enterprises that modern capitalist firms were

supposed to overcome. Cozy inter group relationships of this sort frequently found in solidarity communities can often give rise to a free riding problem.

- ❖ **Constraints on Freedom:** Another negative effective of social capital is the constraints that community norms put on individual action and on receptivity to outside culture (Portes and Sensenbrenner, 1993). This represents in many ways the age old dilemma between community solidarity and individual freedom. The dilemma is especially acute in the cases of tight knit immigrant communities since they usually are in the center of a metropolis, yet are simultaneously upholding an exotic culture. The ethnic culture sustained by the operation of trust and solidarity creates unique economic opportunities for immigrants, but often at the expense of fierce regimentation and limited contacts with the outside world (Portes, 1995). For example, in the Cuban community in Miami, the Spanish language media, that is so instrumental in maintaining community controls, also imposes, in the opinion of many observers, a virtual censorship. Another example of this would be San Francisco's Chinatown until the 1990s. It was a tightly knit community where the family clans and Chinese Six companies ruled supreme. These powerful associations regulated the social and economic life of the community, guaranteeing its order and ensuring privileged access to resources for entrepreneurs. Such assets, however, came at the cost of restrictions on most members' scope of action and access to the outside world (Portes and Sensenbrenner, 1993). For Indian immigrants, especially those in small tightly knit communities in major metropolises, this would mean social pressure to act as 'Indian' as opposed to integrating or assimilating in the mainstream COR society.

❖ **Leveling Pressures:** The community as a whole conspires against individual upward mobility by exerting leveling pressures to keep members of downtrodden groups in the same situation as their peers (Portes and Sensenbrenner, 1993). The mechanism at work here is the fear that solidarity born out of common adversity could be undermined by the departure of the more successful members. Each success story saps the morale of the group if that morale is built on the limited possibilities of ascent under a perceived oppressive social order. Wacquant and Wilson (1989) describe the phenomenon in Chicago's South Side ghetto, where solidarity cemented on common adversity discourages individuals from seeking or pursuing outside opportunities.

One of the most destructive consequences of this negative manifestation of social capital is the wedge that it drives between successful members of the minority community and those that they have left behind. To the extent that community solidarity is based on an adversarial view of the mainstream, those who attempt to advance through conventional means are often compelled to take up majority opinions antithetical to their group (Portes and Sensenbrenner, 1993). Confronting prejudices alone often means accepting some of its premises and turning against one's own past. For example, for Spanish speaking people in the Bronx, shifting to English and anglicizing one's name is a sign that the individual aspires to move up by leaving behind his or her ethnic community (Portes, 1998). In the case of Indians, there does not seem to be too much evidence of this, as they have been as an ethnic group very upwardly mobile in both the U.S. and Canada.

❖ **Barring Access to Outsiders:** The same strong ties that bring benefits to members of a group also usually enable it to bar access to outsiders (Portes, 1998).

Waldinger (1995) describes the tight control exercised by white ethnic descendants of Italian, Irish and Polish immigrants over the construction trades as well as the fire and police unions of New York. Other cases include the growing control of the produce business by Korean immigrants in several East Coast cities, the traditional monopoly of Jewish merchants over the New York diamond trade and the dominance of Cubans over numerous sectors of the Miami economy. In each instance, social capital generated by bounded solidarity and trust are at the core of the groups' economic advance. But, as Waldinger (1995) points out, the same social relations that enhance the ease and efficiency of economic exchanges among community members implicitly restrict outsiders. In the case of Indian immigrants, this does not seem to be a big problem though, since Indians are not present in big enough numbers in a particular trade (with the possible exception of the U.S. motel industry) to have control over it. However, if the proportion of Indians rises in certain specific professions, this pressure to restrict outsiders could come to the fore, and could lead to tensions with the mainstream community.

5.5 Social Capital and the Decision to Immigrate

Although access to social capital is often essential in people's decision to migrate, the type of social capital, or even its location, tends to differ depending on the situation. Although there have been no studies on the motivation and the social networks of Indian immigrants to the United States, there have been studies on the migration of Mexican workers to the U.S. We take a look at one of these studies, as its findings may help us

develop an idea as to how different types of social networks help in the migration process.

In a study of undocumented Mexican migrants to the United States, it was seen that what was driving such migration was the access to social capital in the United States (Massey and Epinosa, 1997). People with ties to migrant family members and who live in communities where U.S. migration is prevalent are far more likely to migrate illegally than people without access to these social resources. The evidence in this case suggests that access to social capital plays a crucial role in initiating illegal immigration between Mexico and the United States. Massey and Epinosa (1997) demonstrate that as social capital accumulates in its various forms, the odds of undocumented migration become high. Social networks facilitate migration in several ways; they convey information about relative livelihood opportunities, reduce travel costs through information on safe and cheap routes or smugglers and diminish emotional costs by lessening “assimilation shock” if immigrants arrive in an environment where others speak their language and where living among other foreigners can easily prevent deportation (Choldin, 1973). They also increase expected benefits of migration through job search assistance and reduce initial living expenses and other costs through financial assistance and shared living space. Migrant networks are frequently heralded as offering trusted and reliable information for prospective migrants. Migrant social capital is a combination of both information and trust, decreasing the risks and costs of migration (Curran, Garip, Chung and Tangchonlatip, 2005).

As migrants begin to integrate in the dominant society, the role of ethnic social support groups undergoes a change. This change is especially apparent among the

second and third generation of migrants (Janjuha-Jivraj, 2003). In a survey of South Asian migrants to Britain, it was seen that among the older (first generation) migrants, the community provided a strong base of social capital that families were able to utilize to develop their financial and social base and in turn fulfill their obligations by offering support through chain migration. Considerable emphasis was put on the ethnic community providing support and protection from racism in the wider society. The younger generation, however, had developed wider networks, not all of which were within the ethnic community. Much of the integration that they achieved was through socialization during education and their wider working experiences. Whereas initially the community was a source of protection and support and even generated business opportunities, the younger generation has greater choices in deciding whether the ethnic community is the right source for business support. It was observed that while the second and third generations did not place as high an emphasis on the ethnic community for business support, they still placed considerable importance on the community for social, religious and identity needs. On the whole, the first and second generations conveyed a deeper sense of loyalty and commitment to the ethnic community and were less critical of its business resources. The younger generation was more objective and exhibited less emotional attachments that influenced their relations to the ethnic community (Janjuha-Jivraj, 2003). It had a greater expectation from the ethnic community for providing economic support and for building bridges into the dominant community. It would seem that as the young generation became more integrated with the broader society, their need to rely on the community for economic support decreased. While this model illustrates the declining economic role that the ethnic community plays in

succeeding generations of Indian immigrants in the U.K., its applicability in the North American setting has not yet been tested.

An important question when we study the social ties that the Indian diaspora has is how easily these ties can form, and how likely are they to continue. In addition, is the ease of forming these ties within the diaspora easier than forming these ties across communities (for example, between members of the Indian diaspora and the mainstream community in the COR), and if so, to what extent? What are some of the other factors that help in the formation of these ties and their continuity? To help answer these questions, we now turn to the concept of homophily.

6.0 HOMOPHILY

The principle of “homophily” asserts that people are more likely to form social ties with others who are similar to themselves (Lazarsfeld and Merton, 1954). Ibarra (1993) identified similarities on the bases of social class, status, gender and race. According to McPherson, Smith-Lovin and Cook (2001:416):

“Homophily in race and ethnicity creates the strongest divides in our personal environment, followed by age, religion, education, occupation and gender roughly in that order. Ties between non similar individuals also dissolve at a higher rate.”

Research has shown that homophily based on race and ethnicity can play a significant role in a wide array of relationships, including bonds of marriage (Kalmijn, 1998), propensity to confide (Marsden, 1987), formation of school friendship (Shrum, Cheek and Hunter, 1988), work relations (Ibarra, 1995), and friendships in general. These bonds may be stronger for some ethnic groups than others. For example, a 2007 survey by the British Broadcasting Corporation (BBC) Asian Network found that 44 % of South Asians (i.e., people from the Indian subcontinent) “would marry only from the same race”. This compared to 9 % for the White respondents. Paradoxically, however, as far as friendship formations were concerned, less than one-third of South Asians had friends only from the same race whereas two-thirds of the White respondents did (BBC, 2007).

Although social groups tend to be based on common organizing variables, such as age, sex, race and gender, regional identity may play a large role in a person’s sense of self (Shimp, Dunn, and Klein, 2004). This is based, in part, on the social identity theory,

which suggests that a person's membership in a social group is the foundation for much of that person's self-concept (Fisher and Wakefield, 1998). Bacharach, Bamberger and Vashdi (2005) found that there was an inverse relationship between the proportion of dissimilar others and prevalence of supportive relationship among racially diverse members. That is, the prevalence of an individual's supportive relations with racially dissimilar others decreases as there is an increase of similar others in the workforce. In a study of five recently arrived immigrants groups in Toronto, a city marked by high cultural diversity, Ooka and Wellman (2001) found that the more recent immigrants exhibited more homophilous job search networks. This pattern was more attenuated among the less educated and first-generation immigrants.

At the organizational level, the ability to share knowledge effectively is fundamental for maintaining the competitive advantage of most MNCs (Makela, Kalla and Piekkari, 2007). Interpersonal homophily between managers drive linkages across intra and inter organizational boundaries (Brass, 1995). Actor similarity is an antecedent for interpersonal network formation, and inter unit ties are often a function of interpersonal ties (Brass, Galaskiewicz, Greve and Tsai, 2004).

The concept of homophily can also help partially explain how partners are chosen when it comes to entering new markets overseas. The decision to enter a foreign market is one of the most important decisions taken by an internationalizing firm (Reid and Rosson, 1987). Foreign market entry decisions are often seen as a rational response to market conditions and are seen to be made on the basis of objective information gathered systematically via market research (Douglas and Craig, 1983; Root, 1994; Young, Hamill, Wheeler and Davies, 1989). Although formal market research is an important

aspect of foreign market entry, decisions are often also made on the basis of existing social ties. Some researchers have suggested that the textbook approach of foreign market entry and partner selection based on objective information and market research is rarely used in practice (Axelsson and Johanson, 1992; Johanson and Vahlne, 1992; Liang and Parkhe, 1997). International partners are often identified on the basis of prior social ties (Axelsson and Johansson, 1992; Ellis and Petotich, 2001), and ties based on homophily are an important component of social ties.

In selecting potential partners, managers are more likely to have strong ties with those having similar attributes (Manev and Stevenson, 2001). Social ties are more likely to develop between people who share a common background (Ibarra, 1992). Trust is especially important in the formation of inter-organizational alliances because it reduces the likelihood of opportunistic behaviour and provides stability for the new venture (Madhok, 1995; Wong and Ellis, 2002). Similarity in national culture, or smaller cultural distance, facilitates interactions among potential partners (Manev and Stevenson, 2001).

Social bonds play an especially important role when conducting business with emerging economies where contract law and property rights are not well established (Alston, 1989; Leung, Wong and Wong, 1996). According to Redding (1991:34) in any society where “institutionalized law is inadequate for underpinning transactions with any sense of reliability, transactions come to be guaranteed by bonds of interpersonal trust.” Decision makers entering under-developed markets usually have less objective information available to them and hence have a greater reliance on locally situated trade intermediaries. In case of exchange relationships between people in developing and developed countries, close collaborative relationships offer a number of mutual benefits,

such as information regarding local market conditions, product standards, technologies and low cost suppliers (Deng and Wortzel, 1995).

Social ties play a direct role in identifying potential business and exchange partners. Ellis (2000) in his survey of 133 highly internationalized manufacturing firms found that social ties played a directly observable role in 61 % of non trade fair initiated direct foreign market entries. Where the contact initiator was a local (Hong Kong) manufacturer, social ties directly influenced 86 % of direct market entries. Firms in this study generally chose much better trading partners when they did so on the basis of their known connections.

Wong and Ellis (2002) in a case study involving 18 Sino-Hong Kong Joint Ventures (JVs) found that all investors sought to find partners by exploiting their existing social ties. Across the sample, JVs were typically formed on the basis of the initiating actor's existing social networks and these bridge ties seemed to provide a link between the eventual partners. Only 2 of the existing 68 interpersonal ties observed in the sample were not based on existing social connections. While weak ties were more evident in the search for partners, final selection patterns were often based on strong ties. Potential partners recommended by family members and old friends were almost twice as likely to be selected (as opposed to being rejected) while partners recommended by casual friends and acquaintances were much more likely to be rejected.

Awareness of foreign market opportunities is commonly acquired through existing social ties (Ellis, 2000). Knowledge of overseas entrepreneurial possibilities depends to a large extent on the network of the individual concerned. Formal search activities based on objective data collected by government or professional agencies was

rarely used (Ellis, 2000). Managers often seek partners from similar rather than different national cultures (Manev and Stevenson, 2001). International markets are not anonymous and the process of internationalization can be legitimately described in terms of establishing relationships in foreign markets (Johanson and Vahlne, 1990). Decision makers often respond to the uncertainties of foreign market entry by placing more reliance on their social networks as a means of economizing on higher research costs (Ellis, 2000). Cultural similarity between partners is critical for International Joint Ventures (IJV) success; greater cultural similarity between IJV partners leads to better IJV performance (Lin and Germain, 1998). Knowledge flows better within informal homophily based clusters than between them (Makela, Kalla and Piekkari, 2007).

Some of the reasons advanced for using connections in partner search are limited resources with which to fund market research, prior experience in the potential market and the exploiting of interpersonal relationships to exchange favors. There is often a tendency to be satisfying - i.e., finding 'good enough' partners when it comes to partner search in JVs (Wong and Ellis, 2002).

The decision to trade with or especially invest in a foreign country is inherently risky and as the previous research shows, often dealt with by utilizing one's social networks to help minimize this risk. However, most people's social networks are based on ties of homophily and this leads to finding potential business partners who are potentially like oneself. Race and ethnicity form the strongest ties of homophily (McPherson et al., 2001). This would in turn imply that for most people trading or investing in foreign countries, finding as business partners local people of the same ethnicity as the investor would be of great importance. This is one of the key reasons

why the role of the Indian diaspora is so important in driving trade and investment between the COO and COR. The Indian diaspora enjoys a great advantage in investing in India, since its members are more likely to already have social networks, based on ties of homophily, in place before they invest. Similarly, for Indians looking to invest in the U.S. or Canada, the Indian diaspora can potentially provide access to well developed social networks in their COR.

Immigrants' social networks in their COO are also very useful in promoting trade and investment ties between their COO and COR. For example, as previously mentioned, Saxenian (2002) found that for every 1 % increase in the number of first-generation immigrants from a given country, California's exports to that country go up nearly 0.5 %. The use of immigrant social networks, mainly in their COO, to improve the chances of success of international business operations in that country gives rise to the phenomenon called 'immigrant effect'. Although the immigrant effect is a special case of the use of social networks, based partially on ties of homophily, its importance to this study, as one of the key ways in which the Indian diaspora can drive bi-directional trade and investment between the COO and COR, means that we devote a separate chapter to it.

7.0 THE IMMIGRANT EFFECT

The immigrant effect refers to the impact that an employer who has immigrants in key decision making positions has on the success of an international business operation, principally where that firm is engaged in operations in the immigrant's COO (Hyde and Chung, 2002). Immigrant employees' knowledge about their COO market is manifested in the areas of culture, language, the legal system, market information and business operations (Chung, 2002; Gould, 1994; Rauch and Trindale, 2002; Wagner, Head and Ries, 2002).

The effect of immigrants on business in general has been discussed in a number of studies. A survey-based study (Lever-Tracy, Ip, Kitay, Philips and Tracy, 1991) conducted in Australia about businesses established by Chinese and Indian immigrants indicated that a large proportion of the respondents had financial resources and business experience when they migrated to Australia. The findings of this study noted that nearly half of the respondents had had prior experience as owner operators and a number of their businesses were direct branches or offshoots of a family business in other countries. A similar study by Chapple (1995) on the economic impact of immigration also pointed out a similar result. Their study found that entrepreneurship was more commonly observed in immigrants than in the base population. Some explanations for this tendency included their business experience in the originating country and networks of collaborators in the host markets. In a study of the role immigrant links played in facilitating trade between the destination country and the originating country, Gould (1994) found that immigrant links to their originating country including knowledge of the market, languages and

business contacts, had a positive impact on bilateral trade flows between these two countries. Furthermore, a study in New Zealand by Duncan, Bollard and Yeabsley (1997) on the interaction between trade, investment and migration concluded that immigrants often bring with them important skill sets, knowledge and networks which have provided a foundation for New Zealand to build international trade and investment relationships with immigrants' source countries or regions.

The choice of the FDI mode is positively related to the choice of immigrant effects (Chung, 2004). One possible explanation for this is that, due to their understanding of local languages and cultures, immigrant employees are likely able to facilitate better than others the frequent communications required in using FDI modes (Wagner et al., 2002). FDI modes often require a more regular interaction between the firm's head office and their overseas presence (Terpstra and Sarathy, 2000). It is probably easier for employees who have the knowledge of both systems (i.e. head office and local office) to communicate effectively with their colleagues in the overseas offices (Wagner et al., 2002).

The link between the immigrant effect and a firm's choice of FDI entry modes is even stronger in the case of smaller economies (Chung and Enderwick, 2001). This is likely due to the immigrants' knowledge of, and familiarity with, the host market that firms from smaller economies usually do not have. Firms with such a location advantage are more likely to commit themselves highly when they enter their country of origin due to the smaller extent of perceived distance between the home and host market.

Immigration links have also been found to be significantly related to bilateral trade flows between the immigrants' resident countries and their country of origin

(Gould, 1994). For instance, Wagner et al. (2002) found that new immigrants have assisted Canada to significantly expand its bilateral trade flows with the immigrants' native countries. Similarly, Rauch and Trindade (2002) concluded that ethnic Chinese networks have a significant impact on the bilateral trade among the countries they have examined. Duncan, Bollard and Yeabsley, (1997) investigated interaction between migration, investment and trade and concluded that immigrants often brought with them important skills, knowledge and networks, providing a foundation for bilateral trade and investment between resident and source countries. These studies point to the important role that immigrants can play in driving bilateral trade and investment between the cOO and COR.

Chung and Enderwick (2001) examined a number of factors influencing market entry modes of New Zealand firms in Taiwan. It was shown that firms operated by immigrants had a greater preference for FDI than exporting modes. Ramaseshan and Patton (1994) found that a firm's historical heritage with a host market is significantly associated with the choice of integrated export channel. Their study concluded that when firms are familiar with foreign culture or environment they are less likely to commit themselves to a host market because they appreciate the financial risks associated with the integrated channel.

Chung (2002) hypothesized that businesses with immigrant effects, either immigrant employer or immigrant employee, would be more willing and capable of adapting their marketing mix to local conditions because of their familiarity with the host markets. He showed a positive relationship between the 'immigrant employee effect' and

adaptation of products and prices and a negative relationship between the ‘immigrant employer effect’ and adaptation of promotion elements.

Producers of consumer non-durables are more likely to select an immigrant effect, as their products are more subject to local tastes and conditions (Quelch and Hoff, 1986). It is reported that immigrants are often able to identify the special needs of customers in their country of origin (Wanger et al., 2002). For example, Gould (1994) confirmed that the immigration trade link is stronger in the consumer manufactured goods sector than in the producer goods sector. Similarly, Rauch and Trindade (2002) also found that ethnic Chinese networks have a greater impact on bilateral trade in differentiated, as opposed to homogeneous, commodity products.

However, some studies have suggested that the immigrant effect may not manifest itself in all situations. Chung (2004) and Shoham (1996) found no empirical support for the immigrant effect boosting a specific product’s performance in the host market. Thus we cannot assume that the immigrant effect by itself improves firm performance; rather, it acts as a facilitator in conjunction with other factors such as firm characteristics and host/home country institutional frameworks.

The immigrant effect could be one of the key factors affecting trade relations between India and the host countries. Indian immigrants’ knowledge about their country of origin in terms of culture, language, legal system, marketing information and most importantly, their social networks, could provide important benefits if they decide to engage in FDI there. This is also in line with the findings of Luk et al. (2008), in that the importance of social ties is greatly magnified in transition and emerging economies,

especially in cases where market institutions are weak. These should be of great help in facilitating trade between their COO and COR.

It is important to understand what affect community social capital and ties of homophily had in the decision of the members of the Indian community to immigrate to the U.S. and Canada. The decision as to where immigrants live in the COR is important since it affects the type of social networks they have (as to more or less within or outside their own ethnic community, and the density of these ties), and also the proportion of what Putnam (1995) calls ‘bonding’ or ‘bridging’ capital within these networks. Both in the U.S. and Canada, Indians tend to be concentrated in main urban areas (for e.g., New York, Los Angeles and Chicago in the U.S. and Toronto and Vancouver in Canada). An important question then becomes whether the presence of Indian immigrants in these cities make them more attractive to potential immigrants. More importantly, how do their social ties help them integrate and move up in society? Another important question is that do established ethnic sub-communities (for e.g., Punjabis in Surrey, B.C.) make it more likely for their ethnic kinsmen to immigrate to these areas, as opposed to people from other parts of India? The existence of an established Indian sub-community is important in driving trade and investments, since social networks, that abound in diaspora sub-communities, are often the foundations of the search for investment and trade partners (Ellis and Petotich, 2001). This is even truer in the case of investments and trade in emerging economies, since social ties are often used as a method of overcoming institutional and structural weaknesses in the host economy. Once a given community reaches a certain size, it can, through the ‘immigrant affect’, positively drive the trade and investment flows between the COO and COR.

The existence of an Indian sub-community in a given North American city should make it more likely that Indians from that particular community will immigrate to that city. The reasons for this could be that the ties of homophily, the social and support networks that the community provides for its ethnic kin and the economic opportunities that exist within an ethnic network. An Indian sub-community for this purpose is simply any settlement of Indians in a city that the respondent perceives to be a factor in his or decision to immigrate. The effect that the Indian community can have on the decision to immigrate can be broken down into country, region, religion and personal levels.

H5 a.) Indians are more likely to immigrate to a city/state where there is an established community of Indians.

H5 b.) Indians from a particular part of India are more likely to immigrate to a city/state where there is an established community of Indians from that part of India.

H5 c.) Indians from a religion are more likely to immigrate to a city/state where there is an established community of Indians from that religion.

H5 d.) Any individual is more likely to immigrate to a city/state where she or he personally knows other people (friends or family members).

Immigration from India to North America is no longer a unidirectional event. We see the rising trend of educated professionals from India in North America returning to their COO (explained further in the next section), giving further evidence of the morphing of the phenomenon of brain drain into ‘brain circulation’. Immigration and reverse immigration not only lead to ‘brain circulation’ between the COO and COR, but also act as conduits to drive trade and investment – through the previously discussed ‘immigrant effect’ as well as through immigrants operating businesses that use or source

products, services or human capital from both the COO and COR. Thus it becomes imperative to study not only the reasons behind the Indian diaspora's reasons for immigration, but also to study its involvement in reverse immigration, and the reasons behind it.

7.1 Reverse Immigration to India

The case of some North American educated professionals returning to India is clearly observable in India's case. The rise of India as a major economic power, its increasing standard of living, fast economic growth rates and its perception as a 'happening' place have made it an increasingly attractive place for ambitious young professionals who had previously immigrated to the United States and Canada in search for a better life. A low cost, English-speaking workforce, a liberalizing and fast growing economy that posted an over 9 % annual growth rate for three consecutive years between 2005 - 2008 (World Bank, 2008a) and the recent infusion of millions of dollars in venture capital and foreign direct investment have come together to create an environment many Indian entrepreneurs find hard to resist, especially when it is located in their own country. No region of the United States has been more affected by this trend than the Silicon Valley (San Jose Mercury News, 2007). Vinod Gopinath, a former IBM engineer who accepted a job in Bangalore based Insilica said:

“When you are looking to ride a wave, there can be none better than the one at home. Your options are better. There is more pride. The challenge is greater. You spent all your time in another country just proving yourself. Now here was an opportunity to prove not just yourself but your country to the rest of the world” (Krishandas, 2004).

The Indus Entrepreneur Group, known as TIE, estimated in 2003 that between 15,000 and 20,000 Indians had left Silicon Valley to return home (San Jose Mercury News, May 2007). That strong trend has continued, with about 40,000 more returning between 2004 and 2007, according to Vish Mishra, a charter member of TIE and a senior venture partner with Clearstone Venture Partners (Indiapost, 2007).

The fact that India has become a more attractive place to work for professionals and managers is reflected not only in the trend of reverse migration, but also in the trend of graduates from elite institutes staying and working in the country. Until fairly recently, graduates from India's elite engineering and business schools, the IITs (Indian Institute for Technology) and the IIMs (Indian Institute for Management), India's state supported centers of higher education, were often lured abroad with the promise of higher salaries that local companies could not match (IPS, 2007). For decades, the Indian government often complained about the loss of the cream of the country's management and engineering talent that graduate from fine state-run institutions funded with public money, to Western industry, thanks to a lack of suitable opportunities and the less than congenial working conditions at home. This has been especially true of the seven IITs set up by the government with the idea of providing the brains for the country's industry which, however, stagnated under the protectionism and high taxes of a socialist economy, forcing the flight of talent. Thomas Friedman, in his book, *The World is Flat* (2005), spells out the great paradox with the U.S. immigration of highly-educated Indian-Americans, the fact that Indian taxpayer rupees are spent to educate a few privileged members of the society, who then go on to benefit the American economy.

However, with India's fast growing economy and rising corporate profits, local companies are now beginning to pay top dollar for talent. On March 13, 2007, Gaurav Agarwal, a student at the Indian Institute of Management (IIM) at Bangalore, found himself surrounded by television cameras after it was announced that the British investment banker, Barclays Capital, had offered him an annual salary of \$ 193,000. It was a record which lasted barely three weeks. The Hyderabad-based Indian School of Business (ISB) stated on April 5, 2007, that one of its graduates had been offered a salary of \$ 223,800 by an Indian firm (IPS, 2007). Three other students from the same institution had received job offers each exceeding \$ 200,000. Spokesman at the ISB refused to disclose the names of the students or their potential employers to maintain confidentiality.

In fact, India is moving beyond simply being attractive because of the obvious cost advantage of lower wages. As wages rise on the tide of higher demand for skilled workers, India is beginning to shift its competitive advantage toward more and more sophisticated industry needs. This has led to a trend from call centers to back-office processing to cutting-edge engineering. India is now emerging as a center for research and development in scientific and technological areas as diverse as aeronautics and biotechnology. This further helps in attracting back its more qualified diaspora from the west (San Jose News, 2007).

The leading reasons why Indians would want to return to India would include the increasing salaries and generally improving economic conditions in India, a possible feeling of discrimination in the U.S./Canada, more business opportunities in India and feelings of cultural conflict. The people most likely to know about these opportunities

and best capable of taking advantage of these are the people who have maintained extensive social and business contacts in India. Since most members of the diaspora often have feelings of nostalgia about the 'home' country and think of 'eventually' returning, even if they do not intend to do so in the foreseeable future, they were specifically asked in the survey if they planned to return in the next 3 years. The 3-year period is also in line with recent work on the topic of Indian reverse migration. According to a study on America's immigrant entrepreneurs conducted by Wadhwa, Saxenian, Freeman, Gereffi and Salkever and released by the Kauffman Foundation (2009), about 100,000 western educated, overseas Indians are expected to return to their COO for good in the next three to five years.

These potential returnees could be of great benefit to the home country (India) since they represent a group of highly trained and qualified people who have acquired valuable Western-style managerial experience and professional and entrepreneurial skills and at the same time, possess knowledge of the COR and have access to networks in the host country. If they do go back to India, after spending extensive time abroad, it would make them potential 'ex-host country nationals'. Ex-host country nationals (EHCNs) are defined as 'people who share the same ethnicity/ancestry of those in the host country, regardless of their country of birth, citizenship and/or permanent residency' (Tung and Lazarova, 2006:1854). The term is derived from traditional Human Resource terminology whereby local workers employed by multinationals are referred to as 'host country nationals'. In contrast, 'ex-host country nationals' are 'local' workers who are living/working in their motherland after having stayed abroad for an extensive period of time. From the perspective of MNCs, these individuals are 'local' (i.e. 'host') in the

sense that they share the same ethnicity/ancestry of those in the host country. Tung and Lazarova (2006) studied 86 international scholarship winners from countries in central and eastern Europe who had gone abroad for studies and then returned. They found that more than half of them eventually wanted to not stay back in their native country. They also found that among people from medium human development index (HDI) countries, the perception of their home country was significantly lower than among EHCNs from high HDI countries, and that those from medium HDI countries were more likely to favor living abroad. One of the reasons that people from medium HDI countries stated for this was they did not have the chance to apply what they had learned abroad to improve efficiency and effectiveness on the job at home. This could increase their frustration with their COO, and thus contribute to their desire to leave when the opportunity presented itself. The study also found that one of the factors that made readjustment easy for respondents was maintaining extensive social contacts in the home country.

This is especially relevant in the case of the Indian diaspora, since India is a lower middle HDI/low income country. This would mean that for the Indian diaspora, the people who are more likely to return should be the people who perceive greater economic opportunities in India compared to the host country. The possession of social networks in India should definitely be of great help in returning and readjusting to India. Another reason for wanting to return to India could be the inability to switch adequately between the two cultures, as measured by the cultural conflict dimension of the BII, or simply not feeling accepted by the host society, as measured by the perception of discrimination.

H6 a.) The perception of increased economic opportunities in India makes it more likely for Indians to return to India in the next 3 years.

H6 b.) An increased perception of discrimination in the host country makes it more likely for individuals to consider returning to India in the next 3 years.

H6 c.) The people most likely to return to Indian are the people who have the most extensive social networks in India.

H6 d.) Individuals facing a high level of cultural conflict, either for themselves or their families, are more likely to consider returning to India in the next 3 years.

The process of reverse immigration could also be directly related to the driving of bidirectional trade and investment between the COO and COR. With the increasing rise of brain circulation, neither immigration nor reverse immigration need be permanent. Individuals, especially the type of highly skilled professionals that we are investigating in this study, often maintain extensive social contacts in both their COO and COR. This can not only facilitate their own movement between these two countries, but also act as a conduit to drive trade and investment – through the previously discussed ‘immigrant effect’ as well as through operating businesses that use or source products, services or human capital from both the COO and COR.

We have so far examined the process by which the Indian diaspora can help drive FDI between its COO and COR. However, FDI is a complex phenomenon and there are a number of theoretical frameworks that have been developed over the years to explain FDI and MNC activity. Although a detailed explanation of all of these frameworks is beyond the scope of this dissertation, we take a brief look at some of the more important theoretical frameworks dealing with FDI in the next section, and explain their relevance to the study. This will also help us understand how the Indian diaspora’s actions in

driving FDI between the COO and COR can help complement and extend these frameworks, and generally where the actions of diasporas fit within these frameworks.

8.0 FDI THEORIES

8.1 The Eclectic Paradigm

A leading explanation for the growth of MNC activity over the last two decades has been the eclectic paradigm, also known as the OLI (Ownership, Location, Internalization) framework. The eclectic paradigm, first developed by John Dunning, contends that MNCs have competitive or ownership advantages against their major rivals, which they utilize in establishing production in sites that are attractive due to their location advantages (Dunning, 1980, 1988). Its simplicity and its general nature make it compatible with a number of schools of economic and managerial thought (Cantwell and Narula, 2001). Dunning (2001:176) states that production financed by FDI and undertaken by MNCs will, at any given point of time, be determined by the configuration of three sets of forces:

1. “The net competitive advantages which firms in one nationality possess over those of another nationality in supplying any particular market. These advantages may arise from the firm’s privileged ownership of, or access to, a set of income generating assets, or from their ability to coordinate these assets with other assets across national boundaries in a way that benefits them relative to their competitors or potential competitors.
2. The extent to which firms perceive it to be in their best interests to internalize the markets for the generation and use of these assets; and/ or by doing so add value to them.

3. The extent to which firm choose to locate these value adding activities outside their national boundaries.”

The eclectic paradigm further states that the significance of each of these advantages and the configuration between each of them tends to be context specific and is likely to vary across industries, regions or countries among firms. The three main components of the model are not necessarily separate, but often affect one another directly. There is a powerful dynamic interaction and interdependence between the ownership advantages and location advantages that underlie FDI supported economic development (Dunning, 2001).

The eclectic paradigm has proven to be remarkably resilient and adaptable to different economic and global strategic management scenarios. Li, Tallman and Ferreira (2005) have expanded the eclectic paradigm model to analyze the impact of the September 11th terrorist attacks on MNC performance to investigate the effect of exogenous shocks on global strategies of firms. They add an ‘S’ or strategic intent factor to the model to consider a dynamic response to a changing environment and try to expand the paradigm to a model of global strategic management. Dunning and Wymbs (2001) have used the eclectic paradigm to explain the rise of e-commerce and found that its basic tenets hold true for e-businesses as well.

The eclectic paradigm has been recently challenged in its applicability to MNCs from developing countries. Li (2003) argues that the ownership dimension is not an essential pre condition for FDI from developing countries. Related to this is his observation that the exploitation of existing ownership advantages is not the sole reason for FDI. He also argues that ownership advantage does not lie solely in the firm level; it

can also lie at the network level. The liability of foreign ownership can in fact be overcome through strategic alliances between foreign and local firms, often through the ethnic ties at a personal level (Li, 2003). For the Indian diaspora, this would mean that Indians in North America can often use their ethnic ties in the COO and COR to form cross border networks that help create ownership advantages located in the network itself, rather than in any specific country. This also supports Li's overall point that latecomer and newcomer firms, who generally are from emerging economies, tend to have unconventional bases for FDI and take the unconventional path of MNC evolution. This was also argued by Luo and Tung (2007) that multinationals from emerging markets often systematically used international expansion as a springboard to acquire critical resources needed to compete more effectively against their global rivals at home and abroad and to reduce their vulnerability to institutional and market constraints at home. These efforts were found to be systematic in the sense that 'springboarding' steps were deliberately designed as a grand plan to facilitate firm growth and as a long-range strategy to establish their competitive positions more solidly in the global marketplace. As we will see in the next section that describes some of the recent FDI behaviours of Indian firms, 'springboarding steps' are a good way to classify their investment activities.

8.2 Porter's Diamond

The Diamond model of Michael Porter (1990) first published in his book *The Competitive Advantage of Nations* offers a model that can help understand the competitive position of a nation in global competition. Traditionally, economic theory mentions the following factors for comparative advantage for regions or countries:

1. Land;
2. Location;
3. Natural resources (minerals, energy, etc.);
4. Labour; and,
5. Local population size.

Because these factor endowments can hardly be influenced, this fits in a rather passive view towards national economic opportunity. According to Porter (1990), sustained industrial growth cannot be built on the above mentioned basic inherited factors. Abundance of such factors may in fact work to undermine competitive advantages. He introduced a concept of "clusters", or groups of interconnected firms, suppliers, related industries and institutions that arise in particular locations.

Historically the competitive advantage of nations has been the outcome of four interlinked advanced factors and activities in and between companies in these clusters. Although the government is not one of the four factors, it can act to proactively affect one or more of these factors.

These interlinked advanced factors for Competitive Advantage for countries or regions in Porter's Diamond framework are:

- Factor Conditions;
- Demand Conditions;
- Related Supporting Industries; and,
- Firm Strategy, Structure and Rivalry.

1. *Factor Conditions*

- a. Factor conditions refer to inputs used as factors of production - such as labour, land, natural resources, capital and infrastructure. Porter argued that the key factors of production (or specialized factors) are *created*, not inherited. Specialized factors of production are skilled labour, capital and infrastructure.
- b. Non-key factors or general use factors, such as unskilled labour and raw materials, can be obtained by any company and hence, do not generate sustained competitive advantage. However, specialized factors involve heavy, sustained investment. They are more difficult to duplicate. This leads to a competitive advantage, because if other firms cannot easily duplicate these factors, they are valuable.
- c. Porter (1990) argued that a lack of resources often actually helps countries to become competitive. Abundance generates waste and scarcity generates an innovative mindset. Such countries are forced to innovate to overcome their problem of scarce resources.

2. *Demand Conditions*

- a. Porter (1990) argued that a sophisticated domestic market is an important element to producing competitiveness. Firms that face a sophisticated domestic market are likely to sell superior products because the market demands high quality and a close proximity to such consumers enables the firm to better understand the needs and desires of the customers.
- b. If the nation's discriminating values spread to other countries, then the local firms will be competitive in the global market.

3. *Related and Supporting Industries*

- a. According to Porter, a set of strong related and supporting industries is important to the competitiveness of firms. This includes suppliers and related industries and usually occurs at a regional level as opposed to a national level. Examples include the Silicon Valley for computer chips in the U.S. and Detroit for the auto industry. This is also known as agglomeration.

4. *Firm Strategy, Structure and Rivalry*

- a. Strategy

- i. Capital Markets

Domestic capital markets affect the strategy of firms. Some countries' capital markets have a long run outlook, while others have a short run outlook. Industries vary in how long the long run is. Countries with a short run outlook like the U.S. will tend to be more competitive in industries where investment is short-term (like the computer industry). Countries with a long run outlook will tend to be more competitive in industries where investment is long term (like the pharmaceutical industry).

- ii. Individuals' Career Choices

Individuals base their career decisions on opportunities and prestige. A country will be competitive in an industry whose key personnel hold positions that are considered prestigious.

b. Structure

Porter (1990) argued that the best management styles vary among industries.

Some countries may be oriented toward a particular style of management.

Those countries will tend to be more competitive in industries for which that style of management is suited.

c. Rivalry

According to Porter intense competition spurs innovation. Government actions designed to reduce local competition to create a world class international industry rarely succeed and are usually bound to fail.

The Diamond as a System

The points on the diamond constitute a system and are self-reinforcing.

1. Domestic rivalry for final goods stimulates the emergence of an industry that provides specialized intermediate goods. Keen domestic competition leads to more sophisticated consumers who come to expect upgrading and innovation. The diamond promotes clustering.
2. Porter emphasized the role of chance in the model. Random events can either benefit or harm a firm's competitive position. These can be anything like major technological breakthroughs or inventions, acts of war and destruction, or dramatic shifts in exchange rates.
3. Agglomeration may in fact become self-reinforcing.

Implications for Governments

1. The government plays an important role in Porter's diamond model. Porter argued that there are some things that governments do that they shouldn't, and other things that they do not do but should. The government's proper role is as a catalyst and challenger to encourage or even push companies to raise their aspirations and move to higher levels of competitive performance.
2. Governments can influence all four of Porter's determinants through a variety of actions such as:
 - a. Subsidies to firms, either directly (money) or indirectly (through infrastructure).
 - b. Tax codes applicable to corporations, business or property ownership.
 - c. Educational policies that affect the skill level of workers.
 - d. Enforcement of tough product standards.

Porter's diamond model has been somewhat modified in its applicability to smaller trade dependent countries like Canada and the Netherlands. In Porter's home-based diamond approach, a firm's capabilities to tap into the location advantages of other nations are viewed as very limited. Rugman (1992) has demonstrated that a more relevant concept that prevails in small, open economies is the 'double diamond' model. For example, in the case of Canada, an integrated North American diamond (including both Canada and the United States), not just a Canadian one, is more relevant. The double diamond model, developed by Rugman and D'Cruz (1993), suggests that managers need to build upon both domestic and foreign diamonds to become globally competitive in terms of survival, profitability and growth. Moon, Rugman and Verbeke (1998) adapted the double diamond framework to a generalized double diamond

which works well for analyzing all small economies. In the generalized double diamond model, national competitiveness is defined as the capability of firms engaged in value added activities in a specific industry in a particular country to sustain this value added over long periods of time in spite of international competition. Firms can also overcome ‘unbalanced’ national diamonds (host country environments that might be strong in some dimensions and weak in others) by acquiring complementary capabilities across borders (Asmussen, Pedersen and Dhanraj, 2009:54). The acquisition of complementary capabilities across borders is an area that the diaspora can be very helpful for local Indian firms.

Porter’s diamond is a useful framework to analyze the behaviour of Indians firms, as it can be useful in explaining the impact that the diaspora can have on changing the demand and factor conditions in the COO. The diaspora can help change factor conditions in the COO by providing access to social contacts and business opportunities in the COR. It can also help mentor students going to the COR. These roles are to some extent provided by diaspora organizations such as IIT chapters in the U.S. and Canada and cross border entrepreneurship facilitation forums such as TiE. The diaspora can also potentially help change demand conditions in the COO by creating demand for higher quality Indian products for themselves as well as introducing these to non-Indians overseas. They can also help local industries by demanding more institutional transparency, reduction of red tape, and better infrastructure. Through its cross-border ethnic networks, the diaspora can also set up or help set up supporting industries across borders, thus helping bring the benefits of agglomerations without necessary being restricted to single geographic area. Although these issues have been talked about

separately, they are often related and mutually reinforcing, providing reinforcements of different points of the diamond.

8.3 The Flying Geese

A macroeconomic explanation of the process of FDI is provided by the “flying geese” (FG) pattern of economic development. The phrase “flying geese pattern of development” was originally coined by Kaname Akamatsu in 1935 (Kojima, 2000). The FG model intends to explain the catching up process of the industrialization in latecomer economies, which consists of the following steps:

1. A single industry grows tracing out the three successive curves of import, production and export (basic pattern).
2. Industries are diversified and upgraded from consumer goods to capital goods and/or from simple to more sophisticated products. Akamatsu discovered these two patterns, which looked like a flying geese pattern formation, through statistical analysis of industrial development in the prewar Japanese economy.

The FG pattern of industrial development is transmitted from a lead goose (Japan) to follower geese (Newly Industrializing Economies or NIEs), the ASEAN 4 and China. The regional transmission of FG industrialization is facilitated by pro-trade oriented FDI mechanism, through which an investing country’s comparatively disadvantageous production is transplanted onto a host country in such as way as to strengthen the latter’s comparative advantage (Kojima, 2000). Pro-trade oriented FDI and “agreed specialization” (following the lead goose) are the two important pillars of the FG model. Although this model has been mostly applied to the Asian context, for post war Japan and the NIEs, Kalotay (2004) applied the theory to the European context, using it to explain

the emerging FDI patterns from transitional economies in Central Europe and the Mediterranean. The model is also compatible with many of the industrial development models. Initially applied to relatively low tech and labour intensive industries such as textiles and clothing, the FG model has also been expanded to explain the rise of more capital intensive industries such as electronics and computers (Ginzburg and Simonazzi, 2004).

This model could help explain if the Indian economy is in fact going through the classic pattern of industrial development of latecomer economies, where industries are diversified and upgraded from consumer goods to capital goods and/or from simple to more sophisticated products. However, in the case of India, with its relative success in the fields of software and technology development and export, an important question is whether the classic pattern of import, production and export actually holds or whether in fact export can be engaged at a relatively early phase simultaneously with import and production. Unlike the NIEs, India is not as export dependent: Hong Kong and Singapore had export to GDP ratios of over 150 %, Taiwan's was about 60 % while South Korea's was over 35 %; even China's was about 35 % in 2008, while in contrast, India's was less than 20 % (Economist, 2009). It would seem that India has engaged in exports of selective goods where it has an advantage even before it has matured into a more industrialized economy, and the role of the diaspora in bringing this about could explain why India's development seems so far to be unlike that predicted by the FG Model.

8.4 The Regionalization Hypothesis

The majority of world trade, FDI and sales by large firms take place within the three broad triad blocks which include Asia, the North American Free Trade Area (NAFTA) and the European Union (EU), rather than between them (Rugman, 2000, 2005; Rugman and Verbeke, 2004). Using data on the intra-regional sales of the largest 500 firms and case studies of many of these firms Rugman and Verbeke (2004) demonstrated that most multinational enterprises (MNEs) have not realized a global strategy but rather a home region-based strategy. In Rugman (2005), a home region firm is defined as one with over 50 % of its sales in its home region (for example, Wal-Mart has 94 % of its sales in North America). A global firm is defined as one with at least 20 % of its sales in each of the broad triad regions and less than 50 % in its home region. A bi-regional firm has at least 20 % of its sales in two regions of the triad but less than 50 % in its home region. Only a very few firms were actually successful outside of their home region 'triad'. The concept of the triad originated in 1985 with Kenichi Ohmae in his landmark study "Triad Power". The original triad consisted of the U.S., Japan and the countries that make up the E.U. Rugman and Verbeke (2004) expand the definition of triad to include NAFTA, the E.U. and Asia. Only 9 out of the 380 firms were, according to Rugman (2005), truly global. Thus globalization, in terms of a balanced distribution of sales across the triad reflects a special rather than a usual outcome of doing international business.

This approach has not been without its critics. Stevens and Bird (2004) criticize the regionalization hypothesis on the basis that the definitions of regions are so broad as to be hemispheric or almost global in their reach. They also object to the use of sales

figures as a proxy for globalization as well as the arbitrary 20 % cutoff point that Rugman and Verbeke (2004) use in their analysis. In a more recent critique by Osegowitsch and Sammartino (2008), the authors take aim at Rugman's use of the 50 % home region sales classification as a home region firm, arguing that the remaining sales outside the home region could be substantial enough to make the firm bi-regional or truly global; in fact, if the 20 % regional cutoffs are relaxed to 15 % or 10 %, the number of global firms rises markedly. The Regionalization Hypothesis in its current form is not very useful for the present study as most of India's recent FDI, both inward and outward, has been directed not towards its neighbors, but towards more industrialized economies.

8.5 Transaction Cost Approach

The Transaction Cost Approach (TCE) views the MNC's entry mode choice as a critical decision of governance. Resting on the interplay of two key assumptions of bounded rationality and opportunism and the three key dimensions of transaction (i.e., asset specificity, uncertainty and frequency), TCE advocates a governance form that can minimize the costs associated with governing and monitoring transactions (Williamson, 1985, 1991, 1992).

The rationale for strategic choice of international entry mode has been well positioned within the TCE paradigm (Kogut and Singh, 1988). However, the systematic application of TCE to international entry strategy appeared initially in the work by Anderson and Gatignon (1986) who explicitly linked TCE with the strategic choice of entry mode in the international context. The key consideration of TCE lies in cost minimization in selecting governance forms that are mechanisms of exchange. Firms adopt governance forms that minimize the sum of transaction costs. If transaction costs

are low, a rational firm will prefer its transactions to be governed by the market. However, if the costs of adaptation, performance monitoring and safeguarding against opportunistic behaviour are too high, the firm will prefer an internal governance structure such as a wholly owned subsidiary or a dominant joint venture (Hill and Kim, 1988; Madhok, 1997). In a perfectly competitive market, market specialists will perform efficiently and thus keep transaction costs low. By allowing specialists to perform some of its functions, the firm can avoid some of the disabling forces associated with building intra-firm bureaucracies. Therefore, the firm is better off using a market governance structure for its transactions. In reality, however, the market is often imperfect. There are some instances in which bounded rationality and opportunism can lead to increased transaction costs, making an internal governance structure more attractive (Anderson and Gatignon, 1986). Internalized control is also preferred because it mitigates the hazards resulting from 'hold-up,' opportunism and appropriability created by ex-post transactions (Williamson, 1992). The TCE is useful in analyzing the micro level decisions of Indian firms investing overseas or of diaspora Indians investing in India by helping to determine the motivations behind market entry decisions and their type. The diaspora in this case could be an important factor in helping reduce transaction costs for Indian firms engaging in overseas business or for foreign firms investing in India.

8.6 Resource Based View

The Resource Based View (RBV) holds that firms can earn sustainable supra-normal returns if and only if they have superior resources and those resources are protected by some form of isolating mechanism preventing their diffusion throughout industry. Edith Penrose contributed to the RBV field in 1959, when she argued: "a firm

is more than an administrative unit; it is also a collection of productive resources the disposal of which between different users and over time is determined by administrative decision. When we regard the function of the private business firm from this point of view, the size of the firm is best gauged by some measure of the productive resources it employs” (Penrose, 1959:24). Most scholars consider Jay Barney as the father of the modern Resource Based View of the Firm. This theory suggests that there can be heterogeneity or firm level differences among firms that allow some of them to sustain competitive advantage. Therefore, the RBV emphasizes strategic choice, charging the firm’s management with the important tasks of identifying, developing and deploying key resources to maximize returns.

Barney (1991) argued that abnormal rents can be earned from resources to the extent that they are:

1. Valuable: When they enable a firm to conceive or implement strategies that improve its efficiency or effectiveness.
2. Rare: Valuable firm resources possessed by large numbers of competing firms cannot be sources of a sustainable competitive advantage.
3. Imperfectly Imitable: If they are easily imitated, they cannot be a source of competitive advantage.
4. Non-Substitutable: There must not be strategically equivalent valuable resources that are themselves either not rare or imitable.

There is a dilemma in attainable resources not being sustainable. Clearly valuable resources that sustain advantage must be inimitable and therefore not available to those who do not already have them. Imitable resources, on the other hand, can be attained by

their aspirants. But as soon as they show clear promise, they risk being competed away; their strength becomes their weakness. Thus attainable resources are not sustainable.

More recently, the dynamic capability perspective has extended the Resource Based View to the realm of evolving capabilities. By developing capabilities based on sequences of path dependent learning, a firm can stay ahead of its imitators and continue to earn superior returns (Teece, Pisano and Shuen, 1997). Since cultural competence in a foreign market is an important and difficult to duplicate resource, the diaspora, properly utilized, could act as a strategic resource for Indian companies investing abroad. It could help drive down the liability of foreignness barriers and help Indian companies gain a competitive advantage over their other foreign rivals in the host country.

8.7 India's Experience with FDI

In India itself, FDI had historically been seen as global companies investing in the country to give its economy a boost and provide employment to thousands. But India has now become a major outward investor among the emerging economies, ranking among the top 17 in 2007 (UNCTAD WIR, 2008). Many Indian firms have now embarked on the global path and this has led to the emergence of Indian multinational companies (Kundu, 2005).

India started to attract significant amounts of inward FDI after the country's economic liberalization in 1991. However, outward FDI from India did not reach substantial amounts until 1996. By 2008, however, India had become both a major destination and source of FDI among emerging economies, with total overseas FDI stocks worth nearly \$ 29 billion while it had attracted FDI worth nearly \$ 76 billion (UNCTAD WIR, 2008).

Overall, the trend in India's emergence as both a destination and a source of FDI continued to gather pace in 2007. India received FDI worth nearly \$ 23 billion, an all time record (UNCTAD WIR, 2008). India's sustained high economic growth rate, estimated at almost 8 % between the years 2002 - 2007, make it an increasingly attractive destination for FDI (Economist country briefing, 2008). Foreign retailers such as Wal-Mart have started to enter the Indian market. At the same time, a number of U.S. MNCs, such as General Motors and IBM, are rapidly expanding their presence in the country, as are several large Japanese MNCs, such as Toyota and Nissan (UNCTAD WIR, 2007). FDI inflows into the Indian real estate sector were estimated to be about \$ 5 billion in 2007 (UNCTAD WIR, 2008).

One of the drivers of India's growth in inward FDI is its relatively low cost but skilled labour force, somewhat similar to the case of China. By 2010, China and India combined will graduate 12 times the number of engineers, mathematicians, scientists and technicians as the U.S. A skilled factory worker in India might cost the company \$ 1 to \$ 5 per hour, versus \$ 20 to \$ 25 per hour in North America, Japan or Western Europe (Shrivastava, 2006).

The automotive industry had been attracting a great deal of FDI in Indian between 2005 – 2007. It can be held up as an example of a sector where significant amounts of FDI are flowing in. Automobile manufacturing MNCs have been rapidly expanding their presence in India's automotive industry. Production of motor vehicles by India's automotive industry reached 1.7 million vehicles in 2006. The following are some examples of FDI in this industry during the said period:

- Suzuki Motors has announced an expansion plan of \$ 1.65 billion in India, which will help to increase its annual production capacity to a million vehicles by 2010.
- General Motors is investing \$ 300 million in a car assembly plant in Maharashtra, India's second largest state and home to its largest city, Mumbai. The plant will start production in the fourth quarter of 2008, producing 100,000 compact cars annually. The capacity of General Motors' factory in neighbouring Gujarat is also being doubled.
- Cooperating with Mahindra & Mahindra, an Indian jeep and tractor producer, Nissan (Japan) and Renault (France) are planning to invest \$ 908 million in a car assembly plant in Chennai. With an annual capacity of 400,000 vehicles; the plant will start production in 2009.
- Toyota Motor is preparing to invest \$ 500 million in quadrupling the capacity of its plant in Bangalore from 50,000 vehicles in 2006 to 200,000 by 2010 in order to double its market share to 10 % in five years (UNCTAD WIR, 2007).

India's emergence as a major source of FDI has been even more spectacular. In 2007, FDI from India amounted to almost \$ 14 billion, which was approximately 50 % more than the amount in 2006 (UNCTAD WIR, 2008). Compared to China, where FDI outflows are driven by the international expansion of State-owned enterprises encouraged by proactive government policies, outflows from India have been dominated by privately owned conglomerates, such as the Tata Group.

The growing demand for various minerals has been a key driver of the overseas expansion of State-owned TNCs from Asia (Hoyos, 2007; Gardiner, 2006; Zweig and Bi, 2005). China's 'Go Global' policy outlined in 2000 is a good example of

policy initiatives taken by emerging economies to boost FDI overseas. The Government of India is now undertaking similar initiatives to use state owned companies to acquire resources of strategic interest. For example, the Government of India has mandated its State-owned oil company ONGC Videsh to acquire the equivalent of 60 million tonnes of oil per year by 2025, which corresponds to a ten-fold growth over its 2006 level (Mitchell and Glada, 2007).

The growing technological capabilities of Indian firms and their rising exports, particularly in IT services and pharmaceuticals, are the key drivers of India's outward FDI growth. Access to markets, distribution networks, foreign technology and strategic assets such as brand names, are the main motivations. Securing natural resources is also becoming an important driver for FDI in the oil and gas industries as well as mining. The Government's liberalization of investment policies has helped the expansion abroad of Indian firms. The following are a few examples of India's recent OFDIs:

- On January 31, 2007, Tata Steel won their bid for Corus valuing Corus at £ 6.7 billion (\$ 11.3 billion). As a result of the takeover, the joining of the two steel firms will create the fifth largest steel company in the world. Corus employs 47,300 people worldwide, including 24,000 in the U.K. (Rai, 2007).
- Infosys Technologies Ltd. has announced that it would establish a new affiliate in the U.S. to expand its consulting businesses, with an initial investment of up to \$ 10 million (Kundu, 2005).
- Mahindra & Mahindra have established a subsidiary in the U.S. and are producing 8,000 tractors every year. It has a 20 % market share in 25 states in the 20 to 60 horsepower segment. The company is also planning to venture into the Russian,

Chinese and South African markets besides setting up an assembly unit in Indonesia (Kundu, 2005).

- Hindalco Industries acquired the Canadian aluminum company Novelis for \$ 6 billion in 2006 (VOA, 2007).
- Tata Group acquired the U.S. based Glaceau, the maker of health drink vitamin water for \$ 677 million (Shrivastava, 2006).
- The Aditya Birla Group, which has major interests in metals, telecom and apparel, took over the Canadian Business Process Outsourcing and IT company Minacs Worldwide in a deal worth \$ 126 million on October 12, 2006 (Shrivastava, 2006).
- India's largest wind energy firm Suzlon Energy acquiring Belgium's Hansen Transmission International for \$ 324 million (Shrivastava, 2006).
- India's pharmaceutical giant Ranbaxy made a foreign acquisition of \$ 372 million, with buyout of a 96.8 % stake in Romania's Terapia (Shrivastava, 2006).
- According to global consultancy firm, PricewaterhouseCoopers, Indian companies recorded more mergers and acquisitions (M&A) in the first half of 2006 as compared to the whole of 2005. India has surpassed China and South Korea to take the third position in the Asia Pacific M&A league table and is lagging only behind Japan and Australia. Indian companies struck M&A deals worth \$ 25.6 billion in the first six months of 2006, up from \$ 8 billion in the first half of 2005 and \$ 23.6 billion for the whole of 2005 (New America Media, 2006). In the two years of 2006 - 2007, Indian companies spent over \$ 40 billion on global M&A deals (Shrivastava, 2006).

Although there have been a few major multi-billion dollar deals, such as Tata Steel's acquisition of U.K. based Corus, most recent Indian overseas buyouts have been

individually modest in scale. "The ticket sizes of the deals are much smaller than you see in China," said Anish Tripathi, director of markets and chief knowledge officer for KPMG in Mumbai. Since big banks tend to avoid deals under \$ 100 million, many Indian companies have opted to go through the process by themselves, based on their own networking and research (Leander, 2008).

India had seven companies, including five state owned companies, among the Global Fortune 500 in 2008. These include, in descending order of revenues, the state owned Indian Oil (116), Reliance Industries (206), the state owned Bharat Petroleum (287) and the state owned Hindustan Petroleum and Oil (290), Tata Steel (315), the state owned Oil and Natural Gas (335) (ONGC) and the State Bank of India (380) (CNN Money, 2008).

The pattern of overseas FDI from India fits well with the 'springboarding' strategy of Luo and Tung (2007: 482). Indian firms have used their outward investments as a springboard to acquire strategic assets needed to compete more effectively against global rivals and to avoid the institutional and market constraints they face at home. Their 'springboard' behaviours are often characterized by overcoming their latecomer disadvantage at the world stage via a series of aggressive, risk-taking measures by proactively acquiring or buying critical assets from mature MNCs to compensate for their competitive weaknesses. Among Indian firms that are investing abroad, we see a mix of types based on their ownership and level of economic diversification. According to Luo and Tung's (2007) classification framework, companies like Tata and Birla would fall under the 'World Stage Aspirant' category - i.e., "non-state-owned MNCs that are relatively diversified in their product offerings and geographical coverage in the

international marketplace” (483) while companies like Rambaxy and Mahindra would fall under the ‘Niche Entrepreneur’ category - i.e., “non-state-owned MNCs whose geographical and product coverage in international markets is narrowly focused” (483). State owned industrial giants such as Indian Oil and Bharat Petroleum would fall under the ‘Transnational Agents’ category - i.e., “state-owned MNEs that have invested extensively abroad for their business expansion, while still being subject to home government instructions or influences” (484). Tata, Birla and Reliance have invested overseas in a number of different industries; Rambaxy and Mahindra invest overseas but mainly in pharmaceuticals and automotives respectively, while state owned giants like Indian Oil and Bharat Petroleum invest overseas among other reasons to fulfill the strategic energy interests of the Indian government.

The Indian diaspora has been a major driver behind India’s rise as a source and destination of FDI, both in terms of the direct remittances and investments and in terms of facilitating trade. Indian firms have about 440 investments/joint ventures in the U.K., mostly tech-oriented (Kundu, 2005). There are 1,441 Indian companies operating in Singapore, of which more than 450 of are technology enterprises. One-quarter of immigrant-founded engineering and scientific companies in the United States during the past decade were created by Indians. These companies had \$ 52 billion in sales and created 450,000 jobs (Saxenian, 2006). In 2003, when the first batch of Indica cars rolled out from the Rovers factory in the U.K., the symbolism was huge. Consumers in the U.K. could now buy “Made in India” cars. Previously, it was always the other way around (Kundu, 2005).

9.0 METHODOLOGY

The research was conducted utilizing a two-part study that involved a questionnaire survey and then follow up interviews with a select sample of Indian managers, executives, entrepreneurs and professionals. In theory, it is possible that the entire Indian diaspora in North America could engage in trade and investment facilitation behaviours (such as recommending Indian products and generally introducing the Indian culture to others), if not investing themselves. However, this study was targeted at people who are the most likely to drive the trade and investment relationship between the home and host countries. This would include managers and executives of MNCs, professionals with wide social networks in both home and host countries as well as entrepreneurs that engage in transnational businesses. Therefore, the sample was limited to the above mentioned groups.

This two-part study incorporated both quantitative and qualitative methods. The first part involved a questionnaire survey while the second part involved follow up interviews with a select number of respondents. The main purpose of the survey was to gather primary data from the respondents. Given the wide geographic spread and high educational and socioeconomic attainment of the sample, it was decided to use a combination of internet and paper-based questionnaires. The questionnaire developed incorporated established scales on bicultural identity (Benet-Martinez and Haritatos, 2005) and personality (10 item Five factor inventory scale). It also included questions on respondents' personal investments in India, their activities promoting investments in India, their use and promotion of Indian products, their social networks in

Canada/U.S. and India, their reasons for immigration and their reasons for reverse immigration (if applicable), their length of stay in their respective host and home countries, their level of political involvement and demographic information. The questionnaire was pre-tested among a small group of Indo-Canadian executives in Vancouver, Canada, before it was circulated among its intended respondents. The pre-test helped to clarify questions for the respondents and resulted in the incorporation of more detailed instructions and explanations on the final questionnaire.

The thirteen-page questionnaire was targeted towards managers, executives, professionals and entrepreneurs of Indian origin residing (as in long term residents and citizens) in Canada and the United States. It was circulated among the target respondents using snowball sampling as well as with the help of diaspora Indian organizations such as the Shastri Indo-Canadian Institute, the Indo-Canadian Chamber of Commerce and the TIE (The Indus Entrepreneurs Group) chapters in the U.S. In response to 445 individual invitations to the survey, 158 responses were received divided roughly equally between the U.S. and Canada, leading to a response rate of about 35 %. In addition, for organizations like the Shastri Indo Canadian Institute which posted the survey on its website and the TIE foundation that forwarded the email invitations to its members, it was not possible to monitor how many eligible people were actually on the website on which the survey was posted even though the surveys were accessible to hundreds of their members. Respondents had a choice of filling out the questionnaires either online or on paper. The survey was hosted online between June 2007 and July 2008. There were 18 paper questionnaires that were received, out of a total of 70 sent out, all of which were from Vancouver, Canada.

A total of 25 detailed follow up interviews were conducted with a select number of respondents to gather more insights into their decisions and attitudes. The interviews helped to gather more in-depth and comprehensive information about the reasons behind the respondents' choices. All respondents were promised anonymity unless they voluntarily agreed to be contacted for a follow up interview. As such, 28 of the 158 respondents voluntarily supplied their contact information for a follow up interview (of the 28, 3 could not be contacted at the contact information provided). The interviews took place in the summer (May – September) of 2008. Each interview lasted between 30 and 45 minutes and was conducted by phone in English and was transcribed immediately after it took place. The interviewees were guaranteed anonymity for what they said during the interviews. The interviews were semi-structured and asked respondents questions about the same general areas as the questionnaire; however, the interviewer asked follow up questions to clarify and supplement the interviewee's original responses.

At a broad level, this study attempted to answer the question as to how the Indian diaspora helps drive trade and investment ties between Indian and North America. Before moving on to the results section of the study, we now briefly summarize the research questions and their associated testable hypotheses that have been previously introduced in different chapters of the study.

1. What are the differences in attitudes towards the COO and COR between the Indian diaspora in Canada and the Indian diaspora in the United States?

H1 a.) The Indian diaspora in Canada will see Canada more as 'home' compared to the Indian diaspora in the U.S. seeing the U.S. as 'home'.

- H1 b.) The Indian diaspora in the U.S. will have a greater perception of being discriminated against than the Indian diaspora in Canada.
- H1 c.) The Indian diaspora in the U.S. will see India more as 'home' as compared to the Indian diaspora in Canada.
2. How does this translate into differences in their trade and FDI facilitation behaviours?
- H2 a.) The Indian diaspora in the U.S. is more likely to invest in India compared to the Indian diaspora in Canada
- H2 b.) The Indian diaspora in the U.S. is more likely to engage in trade and investment facilitation behaviours compared to the Indian diaspora in Canada
3. How does bicultural identity affect an individual's propensity to engage in FDI and FDI facilitation behaviours?
- H3 a.) The Indian diaspora in the U.S. would display a higher level of cultural conflict than the Indian diaspora in Canada.
- H3 b.) The Indian diaspora in the U.S. will display an identical amount of cultural distance as compared to the Indian diaspora in Canada
- H3 c.) Individuals high on cultural conflict will be less likely to engage in trade and investment facilitation behaviours.
- H3 d.) Individuals high on cultural distance will be less likely to engage in trade and investment facilitation behaviours.
- H3 e.) Individuals high on cultural conflict will have more investments in their home countries.

4. Are Indians from a particular region more likely to invest in their home state/region? Or is it simply a case of investing where the maximum returns are?
- H4) Indians from a particular state are more likely to invest in that state compared to any other state within India.
5. Do established Indian sub-communities in a particular region actually help to drive immigration from that particular area/community?
- H5 a.) Indians are more likely to immigrate to a city/state where there is an established community of Indians.
- H5 b.) Indians from a particular part of India are more likely to immigrate to a city/state where there is an established community of Indians from that part of India.
- H5 c.) Indians from a religion are more likely to immigrate to a city/state where there is an established community of Indians from that religion.
- H5 d.) Any individual is more likely to immigrate to a city/state where she or he personally knows other people (friends or family members).
6. What are the factors that are leading many Indians now to return back to India? What are the implications of these for the home and host countries?
- H6 a.) The perception of increased economic opportunities in India makes it more likely for Indians to return to India in the next 3 years.
- H6 b.) An increased perception of discrimination in the host country makes it more likely for individuals to consider returning to India in the next 3 years.

H6 c.) The people most likely to return to India are the people who have the most extensive social networks in India.

H6 d.) Individuals facing a high level of cultural conflict, either for themselves or their families, are more likely to consider returning to India in the next 3 years.

In the next section, all these research questions are answered using the data gathered from the survey. The individual hypotheses would be affected by characteristics that are controlled for, such as age, gender, COR and time spent in the COR. The survey responses are supplemented by responses from the follow up interviews where appropriate, to gather more insights into the decisions and attitudes of the respondents.

10.0 DATA ANALYSIS

10.1 Demographic Profile of Respondents

Responses were gathered from 158 respondents. These were split between 84 respondents in Canada and 74 in the United States. In the Canadian sample, there were 52 male and 32 female respondents; 40 of the respondents were between the ages 20 - 30, 29 were between the ages 31 - 40, 9 between 41 - 50 and 6 between 51 - 60. The average time spent in Canada was 11.4 years – this ranged from a minimum of 2 years to a maximum of 30 years. The most common language spoken at home was English (32 people), followed by Hindi (16 people) and Punjabi (14 people). Other languages spoken were Gujarati, Marathi, Tamil and Kannada. Hinduism was the most common religion, having 46 respondents, followed by Sikhism (18), Christianity (4), Buddhism (3). The respondents identified themselves with 10 different home states in India. Of these, the most common were Punjab (28), Karnataka (12), Gujarat (7), Maharashtra (10) and New Delhi (7). The most common city of residence in Canada was Greater Vancouver (50 respondents) followed by Toronto (21 respondents). Toronto and Vancouver also have the highest concentration of Indo-Canadians in Canada (Statistics Canada, 2006a). The higher number of respondents from Vancouver is partly a product of the researcher's location there, as well as the regional orientation of the Indo-Canadian organizations that helped with the study.

Forty respondents were married and 44 single. Thirty-seven of the respondents who were married had spouses who were of East Indian ethnicity. The other 3 reported the ethnicity of spouses as 'other', 2 reported the ethnicity of spouse as 'Ismaili' and 1 as

‘Malaysian Indian’. Thirty-one of the respondents had children, including 30 whose children were less than 18. Forty of the respondents had at least a Bachelor’s degree, 34 had a Master’s degree, 8 had doctoral degrees and 2 had other professional diplomas. Fifty-four had their Bachelor’s degree from India, while 28 had it from Canada; 12 had their Master’s degree from India while 22 had their Master’s degree from Canada. There were 24 dual nationals of India and Canada; 12 were only Canadian nationals and 44 were only Indian nationals. Of the 44 who were only Indian nationals, 30 were Canadian Permanent Residents.

In the U.S. sample, 42 respondents were men and 32 women. Thirty-four of the respondents were between the ages 20 - 30, 28 between 31 - 40 and 6 each between the ages of 41 - 50 and 51 - 60. The average time spent in the U.S. was 10.1 years. The most common language spoken at home was Hindi (24 respondents), followed by English (24), and Gujarati (12); other languages spoken were Punjabi, Marathi and Kutchi. Hinduism was the most common religion (47 respondents), followed by Christianity (8) Sikhism (4) and Jainism (2). The respondents identified with 9 different home states. Of these, the most common were Maharashtra (24), Gujarat (12), New Delhi (8) and Uttar Pradesh (8). The most common cities of residence were New York (8, + another 6 in New Jersey), Philadelphia (8) and Houston (6).

Forty-eight of the respondents were married while 24 were single. All of the respondents were married to spouses of East Indian ethnicity; 18 had children, 15 of which were under the age of 18. All had at least a Bachelor’s degree, 52 had Master’s degrees and 3 had Doctoral degrees. Sixty had their Bachelor’s degree from India while 8 had theirs from the U.S.; 48 had Master’s degrees from the U.S. Ten were dual

American and Indian nationals, 5 were only American nationals, while the rest were Indian nationals. Among the Indian nationals, 14 had U.S. permanent residence.

Table 3: Demographic Profile of Respondents

	Canada		U.S.	
Number	84		74	
Age Group	20 - 30	48 %	20 – 30	46 %
	31 - 40	31 %	31 - 40	35 %
Gender	Male	62 %	Male	56 %
	Female	38 %	Female	44 %
Average time spent in COR	11.4 years		10.1 years	
Marital Status	Married	49 %	Married	67 %
	Single	51 %	Single	33%
Home State in India	Punjab	33 %	Maharashtra	33 %
	Karnataka	17 %	Gujarat	17 %
	Maharashtra	12 %	New Delhi	11 %
Religion	Hinduism	58 %	Hinduism	67 %
	Sikhism	22 %	Christianity	11 %
	Christianity	10 %	Sikhism	4 %
Children	35 %		25 %	
Language Spoken at Home	English	38 %	English	33 %
	Hindi	19 %	Hindi	33 %
	Punjabi	17 %	Gujarati	16 %
Dual Nationality	28 %		13 %	
Nationality of COR	14 %		7 %	
PR of COR	36 %		18 %	
Highest Education	Bachelors	50 %	Bachelors	26 %
	Masters	40 %	Masters	70 %
	Doctoral	10 %	Doctoral	4 %

10.2 Observations of the Demographic Profile

Overall, this is a highly educated and successful group of overseas Indians. All respondents had at least a Bachelor's degree; while over half held a Master's degree as well. All of them are employed in managerial or executive capacities in industries such as banking, consulting, business analysis and project management. They have also spent a large amount of time in both the countries, with the average time spent in the COR at nearly 11 years. However, this number also includes 11 people who were born and brought up in the COR - without them, this number drops to about 9 years. While this sample might not be representative of the Indian diaspora as a whole in North America, it does represent the part of the diaspora that is most likely to be able to drive trade and investment between the COO and COR. There were no significant differences in the personality scores on any of the five dimensions, or even any of the 10 individual items, of the Five Factor inventory scale for the Canadian and U.S. samples. This is shown in Appendix 2.

An interesting observation was that despite having people from 6 different faiths, there were no Muslims in the survey. This is somewhat of a surprise, given that Muslims are India's biggest minority comprising about 13 % of the population. For comparison, Sikhs and Christians form about 2 % of the Indian population respectively.

The Canadian sample has a much higher proportion of people from Punjab compared to the American sample (33 % vs. 5 %). This is possibly due to the over sampling in Vancouver. This also means that people of the Sikh faith and speaking the Punjabi language are present in much larger numbers in the Canadian sample. The U.S.

sample had a much higher proportion of married respondents at 67 %, compared to 49 % for the Canadian sample.

The comparative ease of immigrating to Canada and getting Canadian citizenship is reflected in the numbers of people having Canadian citizenship or Permanent Residence (PR) versus American citizenship or PR. Despite spending roughly the same amount of time in both the countries, Indians are almost twice as likely to have Canadian citizenship or PR compared to American citizenship or PR.

The notion that Indians are typically unlikely to marry outside their own ethnic group is reflected by the fact that all the respondents who were married had married other ethnic Indians. The 3 individuals that had said that they had married ‘others’ had married either a Malaysian Indian or an Ismaili, both of which are not separate ethnic groups.

10.3 Results

The first research question looked at the differences in attitudes towards the COO and COR between the Indian diaspora in Canada and the Indian diaspora in the United States. This was divided into seeing India as home, or seeing the COR as home, and of the feeling of discrimination in the COR. A multivariate model for seeing the COO and COR as home country and the perception of feeling discriminated against in the COR was used to test for differences between the Indian diaspora in the U.S. and Canada. A multivariate model was used since all the three issues are related and can potentially affect one another. The model looked at the effect of country, age, and gender on these three dependent variables, while controlling for time spent in the COR. The results of the model are given below:

Table 4: Tests of Between-Subjects Effect- Multivariate model for seeing the COO or COR as home country and the perception of feeling discriminated against in the COR

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Seeing COR as home	175.544 ^a	11	15.959	7.114	0.000
	Seeing COO as home	224.014 ^b	11	20.365	8.066	0.000
	Discrimination in COR	49.251 ^c	11	4.477	2.275	0.015
Intercept	Seeing COR as home	433.227	1	433.227	193.117	0.000
	Seeing COO as home	739.123	1	739.123	292.738	0.000
	Discrimination in COR	66.447	1	66.447	33.768	0.000
Country	Seeing COR as home	8.103	1	8.103	3.612	0.040
	Seeing COO as home	53.959	1	53.959	21.371	0.000
	Discrimination in COR	0.963	1	0.963	0.489	0.486
Age	Seeing COR as home	56.756	3	18.919	8.433	0.000
	Seeing COO as home	17.612	3	5.871	2.325	0.079
	Discrimination in COR	22.952	3	7.651	3.888	0.011
Gender	Seeing COR as home	0.005	1	0.005	0.002	0.961
	Seeing COO as home	15.628	1	15.628	6.190	0.014

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
	Discrimination in COR	0.420	1	0.420	0.214	0.645
Time spent in COR	Seeing COR as home	61.487	1	61.487	27.409	0.000
	Seeing COO as home	105.876	1	105.876	41.933	0.000
	Discrimination in COR	10.442	1	10.442	5.307	0.023
Country * Age	Seeing COR as home	0.072	1	0.072	0.032	0.858
	Seeing COO as home	30.886	1	30.886	12.233	0.001
	Discrimination in COR	8.397	1	8.397	4.267	0.041
Country * Gender	Seeing COR as home	0.769	1	0.769	0.343	0.559
	Seeing COO as home	15.473	1	15.473	6.128	0.015
	Discrimination in COR	7.917	1	7.917	4.023	0.057
Age * Gender	Seeing COR as home	6.387	1	6.387	2.847	0.094
	Seeing COO as home	0.004	1	0.004	0.001	0.969
	Discrimination in COR	0.009	1	0.009	0.005	0.947
Country * Age * Gender	Seeing COR as home	7.342	1	7.342	3.273	0.073
	Seeing COO as home	0.550	1	0.550	0.218	0.642

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
	Discrimination in COR	2.136	1	2.136	1.086	0.300
Error	Seeing COR as home	251.254	112	2.243		
	Seeing COO as home	282.784	112	2.525		
	Discrimination in COR	220.386	112	1.968		
Total	Seeing COR as home	3,477.000	124			
	Seeing COO as home	3,063.000	124			
	Discrimination in COR	1,111.000	124			
Corrected Total	Seeing COR as home	426.798	123			
	Seeing COO as home	506.798	123			
	Discrimination in COR	269.637	123			

a. R Squared = 0.411 (Adjusted R Squared = .0353)

b. R Squared = 0.442 (Adjusted R Squared = 0.387)

c. R Squared = 0.183 (Adjusted R Squared = 0.102)

The results show that there were significant differences between Indo-Canadians and Indian-Americans in seeing the COR (US/Canada) or COO as home. However, there was no significant difference in attitudes towards discrimination between the two groups. The time spent in the COR had a significant impact on all three attitudes. Age and

gender, as well as their interactions with COR, had significant effects on these attitudes. These will be further examined under their individual univariate models.

For the first part of research question 1, the respondents were asked if they saw the U.S or Canada as home. The first hypothesis was that Indo-Canadians were more likely to see Canada as home, compared to Indian-Americans seeing the U.S. as home. The results from the survey are summarized in Table 5.

Table 5: I see the U.S./Canada as Home (1 - 7)

	Number	Average	SD
Indian diaspora in U.S.	74	4.46	1.95
Indian diaspora in Canada	84	5.38	1.82

A general univariate model for seeing Canada (U.S.) as home country was next used to determine if Indo-Canadians were more likely to the see the Canada as home, compared to Indian-Americans seeing the U.S. as home, and test for the effects of age and gender and their interaction effects. The results are given below in Table 6. Indo-Canadians were significantly more likely to see Canada as home, compared to Indian-Americans. This trend continued even after the results were controlled for time spent in the COR.

Table 6:
Tests of Between Subjects Effects - Seeing Canada (U.S.) as Home Country

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	182.302 ^a	16	11.394	4.109	0.000
Intercept	524.683	1	524.683	189.201	0.000
Country	17.271	1	17.271	6.228	0.014
Gender	0.377	1	0.377	0.136	0.713
Age	40.528	3	13.509	4.871	0.003
Time spent in COR	60.746	1	60.746	21.905	0.000
Gender * Age	17.040	3	5.680	2.048	0.110
Gender * Country	1.117	1	1.117	0.403	0.527
Age * Country	2.849	3	0.950	0.342	0.795
Gender * Age * Country	8.094	3	2.698	0.973	0.408
Error	385.468	139	2.773		
Total	4,408.000	156			
Corrected Total	567.769	155			

Dependent Variable: Seeing COO as home

a. R Squared = 0.321 (Adjusted R Squared = 0.243)

One possible reason for Indo-Canadians seeing Canada more as ‘home’ could be that the Canadian policy of multiculturalism which encourages them to keep their own cultural identity makes them feel more welcome in Canada, whereas the U.S. policy of assimilation makes them more likely to long for their cultural ‘mother country’. Also, the cases of overt discrimination against Indo-Canadians that happened in Canada, such as the Komagata Maru incident, happened almost a century ago and have faded from memory. The differences in seeing Canada more as home held true even if controlled for gender and age. Even though the model shows that age was a significant predictor of

attitudes towards COR, further tests showed that there were no statistically significant differences between the age groups 20 - 30 and 31 - 40. Higher age groups had statistically significant differences, in that they were more likely to see the COR as home, but their small sample sizes made comparisons less useful. There were no significant interaction effects between gender, age and country. The COR and age were significant predictors of attitudes towards COR, but gender was not.

The second hypothesis, that Indian-Americans would have a greater perception of being discriminated against, was rejected (Table 7). There was no significant difference in attitudes towards discrimination between Indo-Canadians and Indian-Americans after controlling for the amount of time spent in the COR. Respondent age affected these attitudes. Further tests revealed that the younger age groups were more likely to feel discriminated against (Table 8). However, the overall level of discrimination perceived by the sample, at about 2.6/7, was fairly low (Table 9). Indo-Canadians in the 31 - 40 age group had a slightly higher perception of discrimination compared to Indo-Americans, while for all other age groups, Indian-Americans had a slightly higher perception of discrimination compared to Indo-Canadians. However, none of these differences were statistically significant.

Table 7: Tests of Between Subjects Effects - Perception of discrimination in COR

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	49.251 ^a	11	4.477	2.275	0.015
Intercept	66.447	1	66.447	33.768	0.000
Country	0.963	1	0.963	0.489	0.486
Gender	0.420	1	0.420	0.214	0.645
Age	22.952	3	7.651	3.888	0.011
Time spent in COR	10.442	1	10.442	5.307	0.023
Gender * Age	0.009	1	0.009	0.005	0.947
Gender * Country	7.917	1	7.917	4.023	0.051
Age * Country	8.397	1	8.397	4.267	0.041
Gender * Age * Country	2.136	1	2.136	1.086	0.300
Error	220.386	112	1.968		
Total	1,111.000	124			
Corrected Total	269.637	123			

Dependent Variable: Perception of discrimination in COR

a. R Squared = 0.183 (Adjusted R Squared = 0.102)

Table 8: Perception of being discriminated in the COR

Age	Mean	SD	N
Between 20 and 30	2.83	1.633	74
Between 31 and 40	2.51	1.242	57
Between 41 and 50	1.80	0.837	15
Between 51 and 60	1.33	0.516	12
Total	2.60	1.481	158

Dependent Variable: Perception of discrimination in the COR

Table 9: Have you ever Experienced Discrimination for Being Indian? (1 - 7)

	Number	Average	SD
Indian diaspora in U.S.	74	2.68	1.43
Indian diaspora in Canada	84	2.55	1.55

The third hypothesis under this question, that both the Indian diaspora in the U.S. was more likely to see India as home country, was investigated using a univariate model of analysis (Table 10). The results revealed that there was a significant difference in attitudes between Indo-Canadians and Indian-Americans in seeing India as the home country. Indian-Americans were much more likely to see India as their home country (Table 11). However, this is not a big surprise, given the results of the previous hypothesis that showed that Indo-Canadians were more likely to see Canada as home. This held true even when the results were controlled for time spent in the COR.

Table 10: Tests of Between-Subjects Effects- Seeing COO as home

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	286.723 ^a	16	17.920	5.408	0.000
Intercept	804.048	1	804.048	242.627	0.000
Country	42.629	1	42.629	12.864	0.000
Age	29.633	3	9.878	2.981	0.034
Gender	8.344	1	8.344	2.518	0.115
Time spent in COR	101.985	1	101.985	30.774	0.000
Age * Gender	52.796	3	17.599	5.311	0.002
Age * Country	17.588	3	5.863	1.769	0.156

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Gender * Country	4.513	1	4.513	1.362	0.245
Age * Gender * Country	2.092	3	0.697	0.210	0.889
Error	460.636	139	3.314		
Total	3,764.000	156			
Corrected Total	747.359	155			

a. R Squared = 0.384 (Adjusted R Squared = 0.313)

Dependent Variable: Seeing COO as home

Table 11: I see India as Home (1 - 7)

	Number	Average	SD
Indian diaspora in U.S.	74	5.08	1.76
Indian diaspora in Canada	84	3.79	2.39

Table 10 further shows that gender is not a significant determinant of attitudes towards the COO, but age is. Further tests showed that 20 - 30 age group was much more likely to see India as home compared to the 31 - 40 age group ($P < 0.05$, $t = 4.55$). Higher age groups, because of their small sample sizes made comparisons less useful. These are shown in Table 12.

Table 12: I See India as Home * Age

Age	Mean	N	Std. Deviation
Between 20 and 30	4.88	74	2.158
Between 31 and 40	3.93	57	1.981
Between 41 and 50	4.13	15	2.850
Between 51 and 60	3.92	12	2.314
Total	4.39	158	2.208

While gender overall had no significant impact on attitudes towards the COO, women in the 51 - 60 age group were significantly more likely to see the COO as home. However, because of limited sample size, no further conclusion could be drawn from this.

The sentiment of seeing the COR as 'home' being more pronounced in Canada, and of seeing India more as 'home' in the U.S., was also apparent in the follow up interviews. In one of the interviews, Ravi, a 39 year old investment banker from New York who had come to the U.S. 10 years ago to do his graduate degree, said "Bobby Jindal's election as Governor of Louisiana was a source of tremendous pride for me as an Indian. It seemed as if we had finally arrived as a political force in the U.S." After being asked about his knowledge of Bobby Jindal's election platform, he said that he did not know much, but he did know that Jindal was a conservative Republican. He also admitted that he was more comfortable with the Democratic Party as compared to the Republican Party. Asked why he felt more comfortable with the Democratic Party, he remarked "Even though I am more at home with the Republican talk of 'family values', I do feel that race remains a big issue for some in the party. After all, fairly recently, a Republican Senator insulted an Indian as 'maccaca' on national TV" (this was a reference to Senator George Allen calling an Indian operative 'maccaca' and 'welcoming' him to America while running for reelection in Virginia in 2006). He also stated that the fact that the Democrats often attracted greater minority support makes him feel that they are more welcoming of Indians in general. He was not thinking of going back to India in the near future, but said he considered himself Indian, despite living in the U.S. for over 10 years. In a similar interview in Canada, Sinny, a 33 year old banking executive in Toronto who came to Canada for graduate studies 8 years ago, remarked "Canada has

become a second home to me and I do not think of going back to India in the near future. I visit my family in India frequently, at least once a year, but I think I would not want to go back right now”. She further added that she had a lot of Indian friends in the city and had no problems in finding Indian food, clothing or movies. Asked if she was active politically, she said she was not, but added that she was surprised to see so many prominent Indo-Canadian politicians, as well as the number of visible minorities running for office in Toronto.

Research Question 2 looks at the relationship between the perception of discrimination in the COR and the likelihood of engaging in investments in the COO and general trade and investment facilitation behaviours. Since discrimination often leads to feelings of being unwelcome in the COR, people could respond by identifying more with the ‘home’ country. People who feel more at ‘home’ in the host country are less likely to invest in the COO, since they have a lesser motivation to shift their resources to their COO; if they decide to invest in their ‘home’ country, the reasons should be purely instrumental. The first hypothesis under this question stated that Indians in the U.S. were more likely to invest in India (as defined by engaging in any type of FDI). The results for this are summarized in Table 13 and 14.

Table 13: Investing in India

	Canada	United States
Invested in India	20	41
Did not Invest in India	64	33

Table 14:
Tests of Between-Subjects Effects - Investing in India

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	9.305 ^a	16	0.582	2.903	0.000
Intercept	8.565	1	8.565	42.758	0.000
Country	3.924	1	3.924	19.588	0.000
Gender	0.047	1	0.047	0.233	0.630
Age	0.680	3	0.227	1.131	0.339
Time spent in COR	1.235	1	1.235	6.163	0.014
Gender * age	0.726	3	0.242	1.209	0.309
Gender * Country	0.018	1	0.018	0.092	0.762
age * Country	1.534	3	0.511	2.553	0.058
Gender * age * Country	0.207	3	0.069	0.344	0.794
Error	27.843	139	0.200		
Total	61.000	156			
Corrected Total	37.147	155			

a. R Squared = 0.250 (Adjusted R Squared = 0.164)

Dependent Variable: Investing in COO

These results clearly support the hypothesis that Indian-Americans are more likely to invest in India after controlling for time spent in the COR. Less than one fourth of Indo-Canadians have investments in India, compared to over half of Indian-Americans. One possible reason for this is that Indo-Canadians feel more at 'home' in Canada compared to Indian-Americans in the United States. The previously mentioned policy of Canadian multiculturalism, the increased political prominence of Indians, as well as a proportionately larger Indo-Canadian community (3.3 % in Canada v less than 1 % in the U.S.), are possible reasons for this. It would seem that since Indian-Americans see India

more as home, they are more likely to have investments in the COO. There were no significant differences across age and gender when it came to investment behaviour, and there were no significant interaction effects as well, as Table 11 shows. A more detailed explanation of the reasons for this, and possible alternative explanations, are discussed in the next section.

However, further analysis revealed one interesting difference in the composition of the Indian diasporas in Canada and the U.S. that could be influencing this result. The Canadian sample had 28 people from Punjab, while the U.S. sample had 4. No Punjabis in the overall sample had any investments in India (the reasons behind this will be further examined in a later research question). Thus the large number of Punjabis in the sample from Canada could have lowered the overall level of investments from Indo-Canadians to India.

Since Indian-Americans do feel less at 'home' in the U.S. it is logical that they would try to invest in what they see as home - i.e., India. Indo-Canadians being more likely to see Canada as home should have less of a reason to reason to invest in India. Another reason for this could be that Indian-Americans have more money to invest in India. While income information was not collected during the surveys or interviews, the fact that both the demographic profiles consisted of successful executives, managers or entrepreneurs should lessen the income disparity, if any. In an interview with Raj, a 42 year old entrepreneur who has a number of investments in the retail sector in India (mostly in and around Delhi) and has been in the U.S. for over 15 years while splitting his time between Miami and Delhi, he remarked "I like living in Miami. The quality of life here is much better than what Delhi can offer. But simply put, there are many more

opportunities to make money in India. I also feel that I should have something of my own in India when I decide to move back.” A somewhat different sentiment was echoed by Harpreet, a 36 year old telecommunications executive based in Vancouver, Canada who has no direct investments, but has built up a portfolio of Indian stocks. According to him, he sees himself settling down and living in Canada for the foreseeable future, where he first moved about 10 years ago. “I understand the opportunities presented by the fast growing Indian economy. However, I believe that I can take advantage of that by investing in the Indian stock market, where I trade stocks actively. Actively managing a business in India is a big hassle, especially if you do not have any one on the other end to take care of things”. He further added that since he was not planning to go back in the near future, he did not want to have the added stress of actively managing a business in India from Vancouver.

Portfolio investment, as carried out in this instance, can in itself be a form of trade facilitation. There is empirical evidence that portfolio investment leads to higher growth rates in emerging economies (Ferreira and Laux, 2008). Portfolio investments are also seen as seen as following direct investments following the development of stock markets (De Santis and Ehling, 2007). While a discussion of portfolio investment is beyond the scope of this study, it should be noted that portfolio investment by itself could be a form of trade facilitation and lead to more economic development, though of course, not as directly as FDI.

For respondents who were born and brought up outside of India, the connection to Indian seemed to be much more tenuous. Vishal, a 29 year old commercial banking executive who was born and brought up in Vancouver, Canada remarked, “I have

honestly never thought about investing directly in India. I see Canada as my home and the question of ‘returning’ never arises for me. I am proud of my Indian roots, but that does not mean that I will invest in India simply because of my roots.” He was aware of the rapid economic growth in India and said that he might consider investing in Indian mutual funds down the line. However, right now, he had no plans to invest directly.

The second hypothesis under research question 2 stated that the Indian diaspora in the U.S. was more likely to display trade facilitations behaviours. This was rejected by the results of the survey. There was no significant difference in engaging in trade facilitation behaviours between Indo-Canadians and Indian-Americans. Indian-Americans were more likely to engage in trade facilitation behaviours, but this difference was not statistically significant. The results are summarized in Tables 15 and 16. Age, gender, or their interaction did not have any impact on the results.

Table 15: Trade Facilitation Effects

	Canada	United States
Recommended Indian Products	48 (57%)	50 (67%)
Not recommended	36 (43%)	24 (33%)
Taken non-Indian friends to Indian gathering (introducing culture)	50 (60%)	55 (74%)
Not taken	34 (40%)	19 (26%)

Table 16: Tests of Between-Subjects Effects – Trade facilitation behavior

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Recommending Indian products	4.869 ^a	15	0.325	1.425	0.143
	Introducing Indian culture	6.312 ^b	15	0.421	2.067	0.015
Intercept	Recommending Indian products	18.348	1	18.348	80.549	0.000
	Introducing Indian culture	18.537	1	18.537	91.049	0.000
Country	Recommending Indian products	0.009	1	0.009	0.039	0.844
	Introducing Indian culture	0.014	1	0.014	0.070	0.792
Gender	Recommending Indian products	0.297	1	0.297	1.304	0.255
	Introducing Indian culture	0.003	1	0.003	0.015	0.903
Age	Recommending Indian products	1.169	3	0.390	1.710	0.168
	Introducing Indian culture	1.695	3	0.565	2.776	0.054
Country * Gender	Recommending Indian products	0.545	1	0.545	2.394	0.124
	Introducing Indian culture	0.626	1	0.626	3.074	0.082
Country * age	Recommending Indian products	1.549	3	0.516	2.267	0.083
	Introducing Indian culture	1.383	3	0.461	2.264	0.084
Gender * age	Recommending Indian products	0.399	3	0.133	0.584	0.627
	Introducing Indian culture	0.636	3	0.212	1.042	0.376

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Country * Gender * age	Recommending Indian products	0.204	3	0.068	0.299	0.826
	Introducing Indian culture	0.373	3	0.124	0.611	0.609
Error	Recommending Indian products	32.346	142	0.228		
	Introducing Indian culture	28.910	142	0.204		
Total	Recommending Indian products	98.000	158			
	Introducing Indian culture	105.000	158			
Corrected Total	Recommending Indian products	37.215	157			
	Introducing Indian culture	35.222	157			

a. R Squared = 0.131 (Adjusted R Squared = 0.039)

b. R Squared = 0.179 (Adjusted R Squared = 0.093)

Research question 3 tried to determine the level of bicultural identity in the two diasporas. Bicultural identity can be divided into two related but independent components - cultural conflict and cultural distance. Cultural conflict is the perception that the mainstream and ethnic cultures clash, while cultural distance is the perception that one's two cultures are non overlapping, dissociated and distant from one another. In calculating both cultural conflict and cultural distance, the responses were first averaged for each of the four questions that made up each scale. Three of the questions first had to be reverse coded to make their responses equivalent to the other responses. Then the scores for the four questions in each scale were averaged to get separate scores for

cultural conflict and cultural distance. Tables 17 and 18 give the results for the individual questions that comprise the Cultural distance and Cultural conflict respectively among all respondents. Tables 19 compares the average Cultural distance and Cultural conflict scores respectively for the U.S. and Canadian respondents. Alphas for the Cultural Distance and Conflict scales were 0.64 and 0.83 respectively, relatively close to Benet-Martinez and Haritatos's (2005) study that had alphas of 0.69 and 0.74 respectively.

Table 17: Descriptive Statistics for Cultural Distance

Questions on BII Scale	N	Mean	Std. Deviation
I am simply an Indian who lives in the United States (Canada)	158	4.67	1.88
I keep Indian and American cultures separate	158	4.05	1.73
I identify myself as an Indo-American (reversed)	158	4.03	1.95
I feel part of a combined culture – Indian and American (reversed)	158	3.27	1.68
Cultural Distance for Sample		4.0	

Table 18: Descriptive Statistics for Cultural Conflict

Questions on BII scale	N	Mean	Std. Deviation
I feel like someone moving between two cultures	158	3.12	1.771
I feel caught between the Indian and American cultures	158	3.33	1.825
I am conflicted between the Indian and American way of doing things	158	2.63	1.573
I don't feel trapped between the Indian and the American cultures (reversed)	158	2.74	1.82
Cultural Conflict for sample		2.95	

Table 19: Canada U.S. Cultural Distance and Conflict Compared

	Cultural Distance Mean	Cultural Distance S.D.	Cultural Conflict Mean	Cultural Conflict S.D.
Canada (84)	3.71	1.90	2.83	1.74
U.S. (74)	4.33	1.66	3.10	1.66

A multivariate model was next used to test for the significance of the differences between the U.S. and Canada for cultural conflict and cultural distance. The results are given in Table 23:

Table 20: Tests of Between-Subjects Effects - Multivariate model for cultural conflict and cultural distance

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	CD	81.250 ^a	16	5.078	4.341	0.000
	CC	47.585 ^b	16	2.974	1.542	0.093
Intercept	CD	558.411	1	558.411	477.363	0.000
	CC	251.646	1	251.646	130.515	0.000
Country	CD	14.556	1	14.556	12.443	0.001
	CC	0.104	1	0.104	0.054	0.817
Age	CD	12.793	3	4.264	3.645	0.014
	CC	1.414	3	0.471	0.244	0.865
Gender	CD	0.026	1	0.026	0.022	0.882
	CC	0.017	1	0.017	0.009	0.925
Time spent in COR	CD	26.881	1	26.881	22.979	0.000
	CC	0.786	1	0.786	0.408	0.524
Country * age	CD	7.093	3	2.364	2.021	0.114
	CC	5.874	3	1.958	1.015	0.388

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Country * Gender	CD	4.073	1	4.073	3.482	0.064
	CC	0.129	1	0.129	0.067	0.796
age * Gender	CD	4.690	3	1.563	1.337	0.265
	CC	7.346	3	2.449	1.270	0.287
Country * age * Gender	CD	6.140	3	2.047	1.750	0.160
	CC	14.833	3	4.944	2.564	0.057
Error	CD	162.600	139	1.170		
	CC	268.005	139	1.928		
Total	CD	2732.655	156			
	CC	1677.018	156			
Corrected Total	CD	243.850	155			
	CC	315.590	155			

a. R Squared = 0.333 (Adjusted R Squared = 0.256)

b. R Squared = 0.151 (Adjusted R Squared = 0.053)

Hypothesis 3a stated that Indian-Americans and Indo Canadians would display an identical amount of cultural distance. However, the results of the survey reject this hypothesis. Indo-Canadians felt a significantly lower level of cultural distance with India, as compared to Indian-Americans (Tables 19 and 20). Hypothesis 3 b stated that Indian-Americans would have a higher level of cultural conflict compared to Indo-Canadians. The results of the survey reject this hypothesis as well (Table 19 and 20). Both groups had statistically similar levels of cultural conflict. This is a somewhat surprising finding, in that the cultural distance component should have been similar between the groups given the fact that both the American and Canadian cultures are quite similar and about equally distinct from the Indian culture based on the Hofstede and GLOBE dimensions.

One possible reason for the increased cultural distance felt by Indian-Americans could be that Indian-Americans typically have proportionately smaller communities compared to Indo-Canadians. Being part of a larger Indian community might lessen the perception of being away from the COO. The policy of multiculturalism pursued by Canada may also have served to reduce the impact of being away from 'home' among Indo-Canadians.

The fact that both Indo-Canadians and Indian-Americans have similar levels of cultural conflict (Tables 19 and 20) might seem surprising given that the Canadian policy of multiculturalism is supposed to help reduce conflicts between cultures by allowing immigrants to keep their own cultures. However, given the fact that Indian-Americans have been very successful in America, in some cases even more so than Indo-Canadians have been in Canada in terms of economic and educational achievement, they probably do not perceive their home culture as a barrier to progress in American society. Despite the feeling that their two cultures are distant, Indian-Americans do not perceive this distance as leading to a conflict between the cultures.

Tanvi, 32 year old IT executive in the Silicon Valley who first came to do her undergraduate degree 12 years ago, talked about her experiences with cultural distance and cultural conflict. According to her, the American and Indian cultures were very different from one another in a lot of respects. However, she added "I do not have a problem in being both Indian and American at the same time. The two cultures may be different, but I do not have a problem in integrating them. In my work and professional life I try to stick to the more American culture, but in my personal and family life I tend to be more Indian."

Country and age are significant predictors of Cultural Distance, but gender is not. None of the interaction effects were found significant as well. Since age was found to be a significant predictor, further tests were carried out to investigate the effect of age on CD. The Cultural Distance of 20 - 30 year olds was significantly higher than that for 31 - 40 year olds ($p < 0.05$, $t = 2.8$). There was no significant difference between the CD of older age groups. The results are given in the table below:

Table 21: Cultural Distance across Age Groups

Age	Mean	N	Std. Deviation
Between 20 and 30	4.3189	74	1.26439
Between 31 and 40	3.7632	57	1.13135
Between 41 and 50	3.6833	15	1.36430
Between 51 and 60	3.6042	12	1.37947
Total	4.0038	158	1.26057

The higher cultural distance that the people in the lower age group felt could be because of the less time that they have spent in the COR. This would imply that spending more time in the COR increases acculturation and reduces helps reduce cultural distance, but only up to a certain extent.

We next turn to see if bicultural identity has any impact on engaging in trade and investment facilitation behaviours and of investing in the COO itself. One way in which trade can be facilitated is by introducing or recommending Indian products to others. Another way that trade could be facilitated is by introducing Indian culture to others by taking them to Indian cultural gatherings. The questionnaire asked the respondents about these behaviours. For both cultural conflict and cultural distance, the data was recoded in SPSS so that all individuals falling on or above the sample mean were classified as 'High' and individuals falling below these were classified as 'Low' on these constructs.

The trade facilitation behaviours of the High and Low Cultural Conflict and Cultural Distance individuals were then compared. People who displayed a trade facilitation behaviour, such as recommending products or taking non-Indians to Indian cultural gatherings, were coded as 1 while those who did not were coded as 0.

Hypothesis 3c and 3d stated that individuals high on cultural conflict and cultural distance respectively were less likely to engage in trade and investment facilitation behaviours. Trade facilitation behaviours here refer to recommending Indian products to others and introducing Indian culture to others. Tables 22 - 25 show the number of respondents high and low on cultural distance and cultural conflict respectively who engaged in trade facilitation behaviours.

Table 22: Cultural Distance (CD) and Recommending Products

	CD High	CD Low	Total
Number of respondents who recommended Indian products or services	45	53	98
Number of respondents who did not recommend Indian products or services	28	32	60

Table 23: Cultural Distance and Introducing Indian Culture

	CD High	CD Low	Total
Number of respondents who take non-Indians to Indian cultural gatherings	46	59	105
Number of respondents who do not take non-Indians to Indian cultural gatherings	27	26	53

Table 24: Cultural Conflict (CC) and Recommending Products

	CC High	CC Low	Total
Number of respondents who recommended Indian Products	49	49	98
Number of respondents who do not recommend Indian products	33	27	60

Table 25: Cultural Conflict and Introducing Indian Culture

	CC High	CC Low	Total
Number of respondents who take non-Indians to Indian cultural gatherings	56	49	115
Number of respondents who do not take non-Indians to Indian cultural gatherings	26	27	53

The Mann-Whitney-Wilcoxon non-parametric test was carried out to determine if there were significant differences between people high and low on CC and CD respectively when it came to engaging in trade facilitation behaviours. The two key assumptions of the test, that a) the two samples being tested are independent, and b) the observations are comparable, are satisfied in this case. While the independent samples t-test could also be used in this situation, the Mann-Whitney test was preferred because the dependent variable in these cases (the individual trade facilitation behaviour) was ordinal and a normal distribution could not be assumed. This also makes the Mann-Whitney more useful than the chi-square test in this situation, although either of them could be used. The Mann-Whitney is a more robust test in that it is less likely to give a false result because of the violation of assumptions underlying it.

The data from the survey rejects hypothesis 3c, and demonstrates that there was no statistically significant difference between individuals high and low on Cultural Distance when it came to trade facilitation behaviours (Tables 26 and 27). Hypothesis 3d was also rejected, since the data analysis shows that there was no statistically significant difference between respondents high and low on Cultural Conflict when it came to trade facilitation behaviours (Tables 28 and 29). In all the four cases (two behaviours each for CC and CD), there was no statistical difference between the likelihood of engaging in trade facilitation behaviours among individuals who were High or Low on Cultural

Conflict (CC) or Cultural Distance (CD). This held true for both the diaspora in Canada and the United States.

Table 26: Mann-Whitney Test for Recommending Indian products and CD

Descriptive Statistics	N	Mean	Std Deviation	Min	Max
Recommending Indian products	158	0.6203	0.48687	0.00	1.00
Cultural Distance	158	0.4620	0.50014	0.00	1.00
Cultural Distance	N		Mean Rank	Sum of Ranks	
High	85		79.76	6,779.50	
Low	73		79.20	5,781.50	
Total	158				
Test Statistics	Recommending Indian products				
Mann-Whitney U	3,080.500				
Wilcoxon W	5,781.500				
Z	-0.091				
Asymp. Sig. (2-tailed)	0.927				

a. Grouping Variable: CD

Table 27: Mann-Whitney Test for Introducing Indian Culture and CD

Descriptive Statistics	N	Mean	Std Deviation	Min	Max
Introduced Indian culture	158	0.6646	0.47365	0.00	1.00
Cultural Distance	158	0.4620	0.50014	0.00	1.00
Cultural Distance					
High	85		81.84	6,956.00	
Low	73		76.78	5,605.00	
Total	158				
Test Statistics	Introducing Indian culture				
Mann-Whitney U	2,904.000				
Wilcoxon W	5,605.000				
Z	-0.847				
Asymp. Sig. (2-tailed)	0.397				

Table 28: Mann-Whitney Test for Recommending Indian products and CC

Descriptive Statistics	N	Mean	Std Deviation	Min	Max
Recommending Indian products	158	0.6203	0.48687	0.00	1.00
CC	158	0.5190	0.50123	0.00	1.00
Cultural Conflict	N		Mean Rank	Sum of Ranks	
High	82		77.71	6,372.00	
Low	76		81.43	6,189.00	
Total	158				
Test Statistics	Recommending Indian products				
Mann-Whitney U	2,969.000				
Wilcoxon W	6,372.000				
Z	-0.609				
Asymp. Sig. (2-tailed)	0.543				

Table 29: Mann-Whitney Test for Introducing Indian culture and CC

Descriptive Statistics	N	Mean	Std Deviation	Min	Max
Culturedummy	158	0.6646	0.47365	0.00	1.00
CC10	158	0.5190	0.50123	0.00	1.00
Cultural Conflict	N		Mean Rank	Sum of Ranks	
High	82		80.95	6,638.00	
Low	76		77.93	5,923.00	
Total	158				
Test Statistics	Introducing Indian culture				
Mann-Whitney U	2,997.000				
Wilcoxon W	5,923.000				
Z	-0.506				
Asymp. Sig. (2-tailed)	0.613				

The most direct way to facilitate investments of course is to engage in FDI directly. Hypothesis 3e involved comparing individuals with High CD and CC to

individuals low on CD and CC based on their personal investments in India. This was done in Tables 30 and 31. The data on investment behaviour was recoded into 1 (invested in India) and 0 (did not invest in India) in SPSS. CC and CD were recoded as high (4 - 7) and low (1 - 3.99). The number of respondents who fell under each category are shown in tables 30 and 31. The Mann-Whitney Test was the used to test for differences between the groups high and low on CC and CD respectively. The results for these tests are shown in Tables 32 and 33.

Table 30: Cultural Conflict and Investing in India

	CC High	CC Low	Total
Invested in India	33	28	61
Did not Invest in India	49	48	97

Table 31: Cultural Distance and Investing in India

	CD High	CD Low	Total
Invested in India	36	25	61
Did not Invest in India	37	60	97

Table 32: CC and investing in India

Descriptive Statistics	N	Mean	Std Deviation	Min	Max
Investments in India	158	0.3861	0.48840	0.00	1.0
CC	158	0.5190	0.50123	0.00	1.0
Cultural Conflict	N		Mean Rank	Sum of Ranks	
High	82		80.79	6,625.00	
Low	76		78.11	5,936.00	
Total	158				
Test Statistics	Investing in India				
Mann-Whitney U	3,010.000				
Wilcoxon W	5,936.000				

Z	-0.437
Asymp. Sig. (2-tailed)	0.662

a. Grouping Variable: CC

Table 33: CD and investing in India

Descriptive Statistics	N	Mean	Std Deviation	Min	Max
Investments in India	158	0.3861	0.48840	0.0	1.0
CD	158	0.4620	0.50014	0.0	1.0
Cultural Conflict	N		Mean Rank	Sum of Ranks	
High	85		72.24	6,140.00	
Low	73		87.96	6,421.00	
Total	158				
Test Statistics	Investing in India				
Mann-Whitney U	2,485.000				
Wilcoxon W	6,140.000				
Z	-2.554				
Asymp. Sig. (2-tailed)	0.011				

a. Grouping Variable: CD

There was no statistical difference between people high and low on Cultural Conflict when it came to investing in India. However, people high on cultural distance were much more likely to invest in India compared to people low on cultural distance (Table 33). This would mean that people who see their two cultures as being distant from one another are more likely to invest in their COO, whereas for people who see these cultures in conflict, the chances of their investing in the home country are about the same. One reason for this could be that people who are facing a high level of conflict in their cultural identity are not as effective in investing and operating in two cultures, while those who see the two cultures as different yet are not conflicted by them are more effective at this.

The study next examined the impact of regionalism within the Indian diaspora in Research question 4. It tried to ascertain the impact of regionalism by looking at the investment patterns of Indians (both in the U.S. and in Canada) who had actually invested in India. The hypothesis that Indians were more likely to invest in their home states was strongly supported by the data. Over 80 % of all investments by Indians had gone into their respective home states. Of Indian-American investors, 70 % invested in their home states while all Indo-Canadian investors invested in their home states. Looking at the FDI behaviour of Indians from the 6 most prominent states in the sample (Table 34), it is clear that, with the exception of the state of Haryana, Indians overwhelmingly invest in their home state when they choose to invest in India:

Table 34: Investments in Home states

	Respondents	Investments in India	Investments in Home State
Punjab	32	0	0
Maharashtra	34	20	18
Gujarat	20	7	5
Karnataka	15	4	4
Delhi	15	9	8
Haryana	6	4	1

For individuals from the six most represented states in the sample, of all their investments in India, 82 % has gone into their respective home states. Based on follow up interviews, individuals from Haryana often invest in Delhi. Haryana surrounds Delhi on three sides and was a part of the same state till 1961. The case of Punjab is interesting, since it has the least proportion of its diaspora actually investing back in India. One possible reason for this could be that people from Punjab have been settled in the Greater

Vancouver region of Canada for a long period of time and some of them are third generation descendants. The passage of time, as well as already having an established Indian community in their locality, may have weakened ties to the historic motherland. The social networks formed through the bonds of homophily, as well as the increased feeling of home that comes from a policy of encouraging immigrants to keep their own culture, might have helped create a feeling of an “Punjab in Vancouver” thus paradoxically reducing the emotional pull of the historic motherland. This in turn could explain the almost total lack of investments in India for this group. Also Punjab has historically been an agricultural state and often seen as a breadbasket for India, so despite its recent industrial and infrastructural developments, its stereotype as an agricultural state could be lowering potential investments from its diaspora.

The trend of Indians investing heavily in their home states could have two major reasons. First, it could be the history of India, which until independence from the British in 1947, often had weak central authorities and strong regional states/dynasties. There were differences in religion, language and dialects across states as well. Thus identification with a particular state or region could be an important part of the identity of being Indian. Second, individuals typically have strong social networks, comprising of family, friends, professional associates and colleagues in their home states. Since social networks are often vital in the success of overseas ventures, the fact that most FDI is going into home states could simply be a case of investing where their social networks are the strongest, giving them the best possible chance of success.

In the follow up interviews, there was no evidence that supported the first assertion, that it was a sense of being from Maharashtra or Gujarat or Delhi as opposed to

being Indian that was driving these decisions. All the interviewees who had invested in India cited the importance of having the right ‘connections’ when doing business in India. This included getting all the right government permits, licenses, utility connections and generally dealing with the bureaucracy. It was almost impossible to get these things done on time without the right connections. That is where having the right social networks was so important. Different interviewees had different types and combinations of networks (family members, friends, professional associates, etc.) that they utilized, but they were unanimous in their insistence that these networks were vital for doing business in India. As Ravi, the 39 year old New York investment banker pointed out “Unless you have the right connections and know the right people, it can take months to get the simplest of things approved through the various layers of the government bureaucracy.” Family and friends are typically more important to Indians compared to institutions, as can be inferred from the collectivism dimensions in GLOBE, and this was borne out in the interviews as well.

For Research Question 5, the hypotheses were that the existence of an Indian sub-community in a given North American city makes it more likely that Indians from that particular community will immigrate to that city. The reasons for this could be because of the ties of homophily, the social and support networks that the community provides for its ethnic kin and the economic opportunities that exist within an ethnic network. The effect that the Indian community can have on the decision to immigrate can be broken down into country, region, religion and personal levels. In the questionnaire, the respondents were asked, on a 7-point Likert scale, what impact did the presence of other Indians, Indians from their home state and Indians of their religion have on their decision

to immigrate. They were also asked directly how important was it for them to be a member of their state as compared to being Indian and how important was it for them to be a member of their religion, as compared to being Indian. The results are summarized below in Table 35:

Table 35: Descriptive Statistics for Reasons for Immigration

Question	N	Mean	Std. Deviation
Importance of having people from home state	126	2.80	2.320
Importance of having people from religious community	128	2.51	1.834
Importance of having people from own community (Indian)	130	3.94	2.007
Importance of belonging to state in comparison to being Indian	126	2.38	1.644
Importance of belonging to religion in comparison to being Indian	126	2.90	1.998
Importance of relatives in decision to migrate	126	4.23	2.3

It is clear from the results above that when it came to immigrating, none of the first five reasons in the table could be termed as very important, since all of them on average scored below the midpoint of the scale. Only the importance of having other Indians in the city was considered important enough to be near the mid-point of the scale. However, only 10 individuals had actually researched the Indian population of the city before migrating to it, while only 5 had researched the population of their home state. When directly asked, Indians do not attach a very high importance to belonging to either their state or their religion compared to being Indian.

The presence of friends or relatives was an important factor in the decision to immigrate. Overall, it was the only factor that was important enough to be above the

mid-point of the scale at 4.23/7. However there was a significant difference in attitudes between Indo-Canadians and Indian-Americans when it came to the importance of relatives in their decision to immigrate ($P < 0.05$, $t = 2.02$), as seen in Table 36.

Table 36: Importance of Relatives in Decision to Immigrate

Country	N	Mean	Std. Deviation
Canada	66	4.63	2.333
U.S.	58	3.79	2.197
Total	124	4.23	2.300

Indo-Canadians tended to attach much greater importance to the presence of relatives in their decision to immigrate. This could be because when it comes to finding employment or opening their own businesses, immigrants in Canada rely more on their networks within the Indian community, making the presence of relatives important. In the U.S., however, since the Indian community is proportionately smaller, it does not provide access to as many social networks, making it more important to develop networks with the mainstream community. Thus the reliance on relatives to connect to ethnic networks is reduced.

In the follow up interviews, the respondents often talked about the help that their friends or relatives provided them when they first came to their host country. The most common form of help that was offered was usually giving them a place to live in the first few days/weeks and generally introducing them to life in a very different culture. They also helped with providing information about the local Indian community and suitable employment opportunities. Direct financial help from relatives was, however, rare.

Avin, a 34 year old investment banker based in Toronto, who had immigrated almost 8 years ago, remarked how helpful his aunt and uncle were in helping him settle

down in his new life in Canada. “I lived with my aunt and uncle for almost 1 year before I got my own place. I lived rent free during this time. That gave me the luxury of actually going to a Canadian MBA program to upgrade my skills before I entered the real job market.”

The sixth research question looked at the factors that would lead to reverse immigration - i.e., Indians wanting to return to India. In the questionnaire, respondents were given a choice of five factors, and asked on a 7-point Likert scale their reasons for thinking of moving back to India in the next 3 years. The results are summarized in Table 37:

Table 37: Most Important Reason for Thinking of Going Back to India in the Next 3 Years (if applicable)

	N	Mean	Std. Deviation
Economic opportunities created by the growing Indian economy	92	5.15	2.010
Better Quality of life in India	95	3.81	2.070
Discrimination faced in the host country	80	2.68	1.597
Children unsettled between two cultures	68	4.00	2.130
Give something back to my mother country	88	4.41	2.038

The most important reason for thinking of moving back to India is to take advantage of the economic opportunities created by the growing Indian economy, which supports hypothesis 6a. This is not a surprise, given that economic growth in India has averaged almost 8 % in the last 5 years and the opportunities for business have expanded even further, with continuing deregulation and reduction of bureaucratic tangles. In most sectors, individuals having experience of working in the west can often get jobs that allow them to maintain a comparable lifestyle to the one they enjoyed. Another reason

why going back has become an attractive option is that with the ease of maintaining contacts and businesses in both countries, respondents can shuttle between them getting the ‘best of both worlds’. There was no significant difference in attitudes between Indo-Canadians and Indian-Americans in this regard. The results are given below in table 38:

Table 38: Moving Back to India Because of Economic Opportunities Created by the Growing Indian Economy

Country	Mean	N	Std. Deviation
Canada	5.10	42	2.293
U.S.	5.20	50	1.761
Total	5.15	92	2.011

Respondents were asked specifically about moving back to India and how often they considered doing so. They had a choice of never, occasionally, sometimes and very often. During the analysis, the two categories of never and occasionally were combined to ‘seldom’ and the two categories of sometimes and very often combined into ‘often’. The mean score of chances of moving back to India in the next 3 years were then compared for these categories in Table 39.

Table 39: Chances of Moving Back to India in the Next 3 Years (1 - 7)

Moving back to India	N	Mean	Std. Deviation
Respondents who seldom consider move back	52	1.33	.734
Respondents who often consider moving back	72	3.90	1.878
Total	124	2.82	1.972

There was a significant difference in the chances of moving back to India between people who thought of doing it very often versus those who seldom thought about it ($p < 0.05$, $t = 9.39$). This seems logical, since people who often think of moving back are more likely to act on it, as compared to people who seldom or never think about it. The

most common choice after moving back to India was working for an MNC (about 60 %) and opening their own business (28 %).

The data was next recoded as 1 for people who often thought about moving back to India and 0 for who seldom thought of moving back to India. There was no significant difference in the desire to move back to India between Indo-Canadians and Indian-Americans. After controlling for time spent in the COR, the desire to move back was also not affected by gender or age. However, the interaction of age and gender was statistically significant. This is illustrated in the table 40 below:

Table 40: Tests of Between-Subjects Effects- Moving back to India

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	7.122 ^a	14	0.509	2.403	0.006
Intercept	10.037	1	10.037	47.421	0.000
Country	0.287	1	0.287	1.357	0.247
Gender	0.007	1	0.007	0.033	0.856
Age	0.401	3	0.134	0.632	0.596
Time Spent in COR	1.954	1	1.954	9.233	0.003
Gender * age	2.491	3	0.830	3.923	0.011
Gender * Country	0.092	1	0.092	0.437	0.510
age * Country	1.602	3	0.534	2.523	0.062
Gender * age * Country	0.056	1	0.056	0.266	0.607
Error	23.071	109	0.212		
Total	72.000	124			
Corrected Total	30.194	123			

a. R Squared = 0.236 (Adjusted R Squared = 0.138)

Both males and females in the 21 - 30 year age group had similar intentions of going back. However, females in the 30 - 40 year age group were significantly less likely

to think of going back, while males in the same age group were more likely to think of going back. One possible reason for this could be that women enjoy more career mobility in the U.S./Canada compared to India, and having built a career in their 20s, they do not want to go back and face societal pressures about their careers. For men, the increasing opportunities created by the growing Indian economy could be a reason for their wanting to move back in greater numbers.

There seems to be a desire among Indians to give something back to the mother country, as this is the second most important reason for wanting to return. This is illustrated in Row 5 of Table 37. However, it was not possible to investigate this any further in the survey, since what each individual meant by ‘giving back’ was not further explored. This was further investigated during the interviews. Most respondents talked about the fact that they owed their country something especially because of the highly subsidized education that they had often received. Some also talked about their desire to give something back to their local community in India. A number of respondents were also concerned about children being unsettled between two cultures. In fact, among interviewees who had children less than 12, this was the second most important reason for thinking of returning. This could be explained by the fact that among immigrants or expatriates, the adaptation of children to the host culture, as well as their degree of identification with both cultures, is often a source of serious concern for the parents.

Discrimination in the host countries is the least important of their concerns when it comes to going back. This is not a major surprise, since in both the countries, the Indian diaspora is doing very well in economic terms, both in comparison with the majority community and in comparison with other minorities. In addition, this is a very

successful sample of Indians and their success in a different culture probably means that they feel at least comfortable in it, if not an actual part of it.

Hypothesis 6b stated that an increased perception of discrimination made it more likely that individuals would consider returning to India. The results clearly reject this hypothesis. There was no correlation found between perceive discrimination and desire to return to India. However, this was not a surprise, since in the overall sample perceived discrimination was fairly low at 2.58/7.

The sample was then recoded into people who often thought about moving back, and people who seldom thought about moving back (Table 41). There was no significant difference in the perception of discrimination between the group that often thought about moving back versus the group that seldom thought about moving back ($p < 0.05$, $t = 1.1$). This further confirms the fact that perceived discrimination did not play a major part in the decision to return to India.

Table 41: Perception of Discrimination and Moving Back to India

Thinking of Moving Back	N	Mean Disc	Std. Deviation
Seldom	53	2.69	1.401
Often	71	2.50	1.539
Total	124	2.58	1.482

The next hypothesis 6c checked to see if people who have the most extensive social networks in India were the most likely to return. If people have extensive contact with colleagues in India, they are more likely to keep in touch with career related developments there. People who have these contacts would find it easier to get a job or start a business when they returned, and would thus be more likely to think of going back.

Respondents were asked in the questionnaire if they maintained regular contact with colleagues or professional associates in India. Based on their responses, the sample was split into two groups, those who maintained extensive contacts and those who did not. The chances of moving back in the next 3 years was then recoded into either 1 (High) or Low (0). The results using the Mann-Whitney test (Table 42) showed that people who maintained extensive contacts in India were significantly more likely to think of moving back to India.

Table 42: Moving Back to India and Social Networks

Descriptive Statistics	N	Mean	Std. Deviation	Minimum	Maximum
Moving back to India	124	0.5806	0.49546	0.00	1.00
Regular contact with colleagues in India	124	0.7460	0.43702	0.00	1.00
Regular contact with colleagues/associates in India	N		Mean Rank	Sum of Ranks	
No	30		51.30	1,539.00	
Yes	94		66.07	6,211.00	
Total	124				
Test Statistics	Moving Back				
Mann-Whitney U	1,074.00				
Wilcoxon W	1,539.00				
Z	-2.294				
Asymp. Sig. (2-tailed)	0.022				

a. Grouping Variable: Regular contact with colleagues in India

The result is expected, since those having more contacts are more likely to find opportunities suited to their needs. Having the right opportunity to move back, created in a macroeconomic sense by the fast growing Indian economy, is as we have seen, the most

important reason why respondents think of returning to India. In addition, having contacts in the COO means that the individual is better able to adjust to the COO on return and deal with the ‘reverse culture shock’.

The last hypothesis 6d tested whether individuals high on cultural conflict were more likely to move back to India. To test for this, cultural conflict was recoded as low (1 - 3.9) or high (4 - 7). The sample was then divided into a High CC and Low CC group, and their chances of going back recoded as 1 (High) or 0 (Low). A univariate analysis (Table 43) shows that there was a significant difference in the cultural distance of people who wanted to move back compared to those who did not want to move back. However, the cultural conflict that people felt did not have a significant impact on their decision to move back.

Table 43: Tests of Between-Subjects Effects- Moving back to India, CC and CD

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	1.966 ^a	3	0.655	2.786	0.044
Intercept	42.966	1	42.966	182.655	0.000
Cultural Distance	1.552	1	1.552	6.599	0.011
Cultural Conflict	0.332	1	0.332	1.413	0.237
CD * CC	0.115	1	0.115	0.488	0.486
Error	28.228	120	0.235		
Total	72.000	124			
Corrected Total	30.194	123			

a. R Squared = 0.065 (Adjusted R Squared = 0.042)
Dependent Variable: Moving back to India

Table 44: Cultural Conflict and Moving Back to India

Cultural Conflict	N	Mean	Std. Deviation
High	64	0.5312	0.50297
Low	60	0.6333	0.48596
Total	124	0.5806	0.49546

Table 45: Cultural Distance and Moving Back to India

Cultural Distance	N	Mean	Std. Deviation
High	57	0.7018	0.46155
Low	67	0.4776	0.50327
Total	124	0.5806	0.49546

This is a surprising result, given that people high on cultural conflict have more trouble switching to the appropriate cultural frame and should be more comfortable in one culture. One possible explanation for this could be that the overall level of cultural conflict (2.95/7) in this group is fairly low, so cultural conflict is not a big driver of the decision to go back. Another reason could be that some of the respondents, even though they feel cultural conflict, might actually be more comfortable with the culture of the host country. People higher on cultural distance were more likely to move back to India. This could mean that the perception that the two cultures are different is a more important driver of moving back than the perception that the two cultures are in conflict. This is explained in greater detail in the next section.

The important variables used in this study are now summarized below along with their means and standard deviations (Table 46). The correlation matrix is given in Table 47. As expected, seeing the COO as home and seeing the COR as home are strongly

negatively correlated, while moving back to the COO is strongly positively correlated to the former and negatively to the latter. Cultural distance is strongly correlated to most of the important study variables – seeing the COO and COR as home, investing in the COO and moving back to the COO. Cultural conflict, somewhat surprisingly, does not have a significant correlation with any of these, pointing to its more limited role in influencing them. The only variable which is significantly correlated with cultural conflict is the feeling of discrimination in the COR, which is to be expected. The two trade facilitation behaviors are strongly positively correlated to one another as expected, but seem to be unaffected by bicultural identity. The importance of controlling for time spent in the COR is reflected in its strong correlation with seeing the COO and COR as home, investing in the COO and moving back to the COO.

Table 46: Descriptive Statistics for Study Variables

	Mean	Std. Deviation	N
Seeing the COR as home	4.95	1.935	158
Seeing the COO as home	4.39	2.208	158
Investing in COO	0.3861	0.48840	158
Moving back to COO	0.5806	0.49546	124
Recommending products	0.6203	0.48687	158
Introducing culture	0.6646	0.47365	158
Cultural distance	4.0038	1.26057	158
Cultural conflict	2.9468	1.42774	158
Discrimination in COR	2.60	1.481	124
Time spent in COR	10.81	8.174	158

Table 47: Correlations

		Seeing COR as home	Seeing COO as home	Investing in COO	Moving back to COO	Recommending Indian products	Introducing Indian culture	CD	CC	Discrimin ation in COR	Time spent in COR
Seeing COR as home	Pearson Correlation	1	-0.666**	-0.256**	-0.500**	-0.021	0.169*	- 0.626**	-0.090	0.009	0.390**
	Sig. (2-tailed)		0.000	0.001	0.000	0.798	0.034	0.000	0.261	0.922	0.000
	N	158	158	158	124	158	158	158	158	124	158
Seeing COO as home	Pearson Correlation	-0.666**	1	0.372**	0.438**	0.128	-0.050	0.619**	-0.025	0.245**	-0.373**
	Sig. (2-tailed)	0.000		0.000	0.000	0.110	0.533	0.000	0.753	0.006	0.000
	N	158	158	158	124	158	158	158	158	124	158
Investing in COO	Pearson Correlation	-0.256**	0.372**	1	0.046	0.219**	0.068	0.230**	-0.030	-0.158	-0.179*
	Sig. (2-tailed)	0.001	0.000		0.611	0.006	0.397	0.004	0.711	0.081	0.025
	N	158	158	158	124	158	158	158	158	124	158
Moving back to COO	Pearson Correlation	-0.500**	0.438**	0.046	1	-0.098	-0.251**	0.311**	-0.103	-0.062	-0.277**
	Sig. (2-tailed)	0.000	0.000	0.611		0.277	0.005	0.000	0.253	0.502	0.002
	N	124	124	124	124	124	124	124	124	124	124
Recommending Indian products	Pearson Correlation	-0.021	0.128	0.219**	-0.098	1	0.521**	-0.050	-0.075	0.166	0.049
	Sig. (2-tailed)	0.798	0.110	0.006	0.277		0.000	0.537	0.349	0.065	0.547

		Seeing COR as home	Seeing COO as home	Investing in COO	Moving back to COO	Recommending Indian products	Introducing Indian culture	CD	CC	Discrimin ation in COR	Time spent in COR
	N	158	158	158	124	158	158	158	158	124	158
Introducing Indian culture	Pearson Correlation	0.169*	-0.050	0.068	-0.251**	0.521**	1	-0.092	0.097	0.215*	0.047
	Sig. (2-tailed)	0.034	0.533	0.397	0.005	0.000		0.249	0.224	0.017	0.550
	N	158	158	158	124	158	158	158	158	124	158
Cultural Distance	Pearson Correlation	-0.626**	0.619**	0.230**	0.311**	-0.050	-0.092	1	-0.049	-0.065	-0.404**
	Sig. (2-tailed)	0.000	0.000	0.004	0.000	0.537	0.249		0.540	0.474	0.000
	N	158	158	158	124	158	158	158	158	124	158
Cultural Conflict	Pearson Correlation	-0.090	-0.025	-0.030	-0.103	-0.075	0.097	-0.049	1	0.270**	0.045
	Sig. (2-tailed)	0.261	0.753	0.711	0.253	0.349	0.224	0.540		0.002	0.575
	N	158	158	158	124	158	158	158	158	124	158
Discrimination in COR	Pearson Correlation	0.009	0.245**	-0.158	-0.062	0.166	0.215*	-0.065	0.270**	1	0.115
	Sig. (2-tailed)	0.922	0.006	0.081	0.502	0.065	0.017	0.474	0.002		0.202
	N	124	124	124	124	124	124	124	124	124	124
Time spent in COR	Pearson Correlation	0.390**	-0.373**	-0.179*	-0.277**	0.049	0.047	- 0.404**	0.045	0.115	1
	Sig. (2-tailed)	0.000	0.000	0.025	0.002	0.547	0.550	0.000	0.575	0.202	

		Seeing COR as home	Seeing COO as home	Investing in COO	Moving back to COO	Recommending Indian products	Introducing Indian culture	CD	CC	Discrimin ation in COR	Time spent in COR
	N	158	158	158	124	158	158	158	158	124	158

**. Correlation is significant at the 0.01 level (2-tailed)

*. Correlation is significant at the 0.05 level (2-tailed)

11.0 DISCUSSION AND CONCLUSION

The results of the data analysis show that the Indian diaspora has a complex and multi-faceted relationship with both India and its COR. The first research question examined the differences in attitudes towards the COO and COR in Canada and the United States. The Indian diaspora in Canada is more likely to see Canada as 'home', compared to the Indian diaspora in the U.S. seeing the U.S. as 'home'. Complementary to this is the finding that the Indian diaspora in the U.S. is much more likely to see India as 'home'. Given the fact that the Indian diaspora in the U.S. has been so successful in terms of attainment of socio-economic status, it is somewhat of a surprise that they are less likely to see the U.S. as home compared to Indo-Canadians seeing Canada as home. A number of factors could help explain this. First, Canada's official policy of multiculturalism, that encourages immigrants to keep parts of the culture of their COO, as opposed to the U.S. policy of melting pot that encourages assimilation, could make Indian immigrants feel more welcome in Canada. Second, Canada has a much higher proportion of ethnic Indians, at over 3 % of the general population, as compared to the U.S., where they form less than 1 % of the population. In addition, Indians tend to be more concentrated in certain cities in Canada. For example, nearly 50% of the Indo-Canadian population lives in Greater Toronto (Statistics Canada 2006b), while the city with the highest population of Indian-Americans, New York, contains only 20 % of them (USINPAC, 2009). Having a larger and more concentrated Indian community to live in might help Indo-Canadians deal better with feelings of nostalgia towards the mother country and create a 'Little India' in their own communities. Third, the higher proportion of publicly elected officials of Indian descent in Canada, who come from both major

national political parties, might lead the diaspora to conclude that they have a stake in the political process that governs them and that they too had a good chance to succeed in the political arena in Canada. Compared to the situation in Canada, in the United States, the Indian diaspora is doing well in economic and educational attainment, but so far has much less success than Indo-Canadians in the political arena. Part of this could of course be attributed to their lesser proportional numbers, but part of this could also be attributed to lesser acceptance by the mainstream community. The case of prominent Indian political figures in the U.S. is a good example. Whereas surveys show that most Indians (similar to most new immigrant groups) tend to vote Democratic, most Indian political figures tend to be Republican. One preliminary conclusion that could be drawn from this is that to be accepted by the mainstream community, Indians have to be part of the 'White establishment' as opposed to being part of a group that has large numbers of newer immigrants and people of color. A different interpretation of the same results could be that Indians in the U.S. are more eager than other minority groups to be accepted as 'White', as opposed to finding solidarity with other minority groups. A fourth reason for Indo-Canadians seeing Canada more as 'home' could be that most of the overt acts of Canadian discrimination against Indians, such as the infamous Komagata Maru incident in 1914, happened nearly a century ago and their importance is not as much current Canadian policies, such as multiculturalism. Finally, the history of Indian Punjabis in Canada, who form almost a third of the Canadian sample, is longer than that of most Indians in the U.S., and this could make Indians see Canada more as home compared to the U.S.

Discrimination is not an important issue for either Indo-Canadians or Indian-Americans and they have similar perceptions as to the level of discrimination that exists in their respective countries of residence. This is not much of a surprise, since Indian immigrants have done well economically and, especially in the case of Canada, politically in these countries. Also, this is a highly successful group of Indians, so it is likely that they have adapted well to the host country culture. In fact, in the 25 interviews that were conducted, none of the respondents could recall an incident in which they personally had been discriminated against for being Indian. However, all of them said that discrimination still existed in both societies, though they did not consider it to be the biggest challenge that they faced. Most interviewees made the distinction between being discriminated against, which none of them had personally experienced, versus being ‘accepted in society’ for who they were. Although discrimination was not a big problem, most respondents felt that they were sometimes stereotyped because of their Indian background. Follow-up interviews however revealed that for Indian-Americans, Senator Allen’s ‘maccaca’ incident led many to think that covert racism was alive in the U.S.

For Research Question 2, the hypothesis was that people who are more likely to feel less at home in the host country are more likely to engage in investments in the COO and general trade and investment facilitation behaviours. The data analysis mostly supported the hypothesis about investments, but not about trade facilitation behaviours. Indo-Canadians feel more at home in Canada compared to Indian-Americans in the U.S. and they are less likely to invest in India as well, despite having similar educational levels. In the questionnaire sample, less than a fourth of all Indo-Canadians had investments in India, as compared to over half of all Indian-Americans. This also

indirectly lends support to Khanna's (2007) survey observation that 88 % of local Indian software entrepreneurs had used diaspora networks to help start their businesses primarily to obtain contacts in the U.S. that could help secure initial contracts. Among people who had invested in India and were interviewed, commercial real estate seemed to be the most common form of investment, centered typically around the mega cities of Delhi and Mumbai. This was mainly because of the rising demand for office space and luxury housing in the big cities, which had been driving up prices for the last 5 years. Other popular investment areas, as determined through the interviews, were in IT, retail and trading. Unfortunately, since sectoral data for FDI was not collected in the surveys, it is not possible to know if this held true across the entire sample. An alternative explanation for Indian Americans investing more could be that Indian-Americans are more entrepreneurial and therefore more likely to invest in India. However, since the Big 5 personality tests revealed that there were no significant personality differences between Indian-Americans and Indo-Canadians (Appendix 2), this seems less likely. In addition, Punjab has historically been seen as a breadbasket for India, so despite its recent industrial and infrastructural developments, its stereotype as an agricultural state could be lowering potential investments from its diaspora. It could also be argued that there is a better investment climate in the U.S., as compared to Canada, and this is what is driving the trend of greater investments from the U.S. to India via the diaspora. Based on scores on the Investment Freedom dimension of economic freedom by the Heritage Foundation (2009), where the U.S. scores 80 to Canada's 70.5, there might be some justification for this. However, the argument about more investment freedom in the U.S. needs to be tempered with the fact that the diaspora in both countries has relatively similar

educational and socio-economic levels, and has displayed remarkable economic success in both countries.

Their tendency to invest more in India means that Indian-Americans are more likely compared to Indo-Canadians to use their ethnic ties in the COO and COR to create cross border networks that help create the ownership advantages of the OLI theory within the network itself, rather than in a specific country. The diaspora can in this way help newcomer and latecomer firms from India to take what Li (2003) calls the ‘unconventional’ path to MNC development. By investing in the COO, the diaspora also acquires greater influence in India, and can act as a catalyst to demand changes such as more transparent and less bureaucratic government regulations and a greater commitment to improving infrastructure. This could lead to a change in what Porter (1990) calls factor conditions. In addition, as the diaspora helps Indian firms develop outside the confines of the domestic market and springboard their expansion into more industrialized countries, it helps improve domestic conditions without actually having to depend completely on the domestic market. Related and supporting industries in IT and software related fields exist in both the Silicon Valley and Bangalore, pointing to the role of agglomeration that can exist not just in a geographic sense but also within the networks of the diaspora. This could provide a way for Indian firms to overcome the ‘unbalanced diamond’ (Asmussen et al. 2009: 54) in India through the help of the diaspora. The findings of this study suggest that it is more likely that it will be the Indian diaspora in the U.S., rather than the one in Canada, that could be helping drive these changes.

In contrast to direct investments however, there was no significant difference between Indian-Americans and Indo-Canadians when it came to trade facilitating

behaviours. A majority of people (about 60 %) had engaged in trade facilitation behaviours that included introducing either the Indian culture or Indian products to non-Indians. One reason for this could be that whereas investments are high involvement behaviour, trade facilitation behaviours, as defined here, are not. Thus the feeling of being at 'home' would not significantly impact individuals' propensity to engage in these behaviours. Second, the social networks that Indians have outside the Indian community would be fairly substantial in both cases, since this is a highly successful group of individuals. In such a situation, the involvement of both the groups in trade facilitation behaviours would be fairly similar. However, trade facilitation by both diasporas could be a direct cause of the rise in FDI flows to India, but studying the impact of this is beyond the scope of this dissertation.

The third major question that this study looked into was the level of biculturalism, as measured by the bicultural identity scale, and its effect on investments and trade facilitation behaviours. Bicultural identity can be divided into two related but independent components - cultural conflict and cultural distance. The data analysis revealed that Indo-Canadians felt a significantly lower level of cultural distance with India, as compared to Indian-Americans. This is a surprising finding, in that the cultural distance component should have been similar between the groups given the fact that both the American and Canadian cultures are fairly similar and about equally distinct from the Indian culture based on the Hofstede and GLOBE dimensions. One possible reason for the increased cultural distance felt by Indian Americans could be that Indian-Americans typically have proportionately smaller communities compared to Indo-Canadians. Being part of a larger Indian community might lessen the perception of being away from the

COO. A second reason for this could be that the more extensive social networks that Indian Americans maintain in India gives rise to greater feelings of being away from the COO.

The fact that both Indo-Canadians and Indian-Americans have similar levels of cultural conflict might seem surprising given that the Canadian policy of multiculturalism is supposed to help reduce conflicts between cultures by allowing immigrants to keep their home cultures. One reason for this could be the fact that Indian-Americans have been very successful in America, in some cases even more so than Indo-Canadians have been in Canada. Despite the feeling that their two cultures are distant, Indian-Americans do not perceive this distance as leading to a conflict between the cultures. Indian-Americans might perceive the two cultures to be distant, but based on these findings it would seem that they do not have a problem in switching appropriately between the two cultures so as not to cause one to come into conflict with the other. The fact that Indo-Canadians have a bigger ethnic community could also paradoxically be a reason for increased conflict; living in a bigger ethnic community might mean that they do not have as much reason to interact with non-Indians and thus might not have as much experience in switching cultural frames.

Neither cultural conflict nor cultural distance was a significant factor in engaging in trade and investment facilitation effects. This could be due to the fact that trade facilitation, as measured in this study, is a low involvement behaviour, and would not be affected much by being bicultural. It might be possible that people high on bicultural identity might engage more in *effective* trade facilitation, that is, actually convince non Indians to try Indian products or invest in India, but that was beyond the scope of the

present study. Cultural conflict also had no significant effect on the respondent's investment behaviour in India. This was an unexpected result, given that one would assume that the perception of belonging to two clashing and mutually antagonistic cultures would drive respondents to identify more with the home culture, and thus increase their willingness to invest in their home countries. One reason for this could be that for some respondents, they might actually be identifying more with the host culture than the home culture, making them less likely to invest in the COO. Another reason could be that cultural conflict causes individuals to be less effective in managing direct investments across two or more countries.

When it came to cultural distance, however, the results showed that people who were high on this dimension were significantly more likely to invest in India as compared to people who were low on it. One reason for this could be that high cultural distance leads to nostalgia and feelings of separation for the COO. One way of dealing with this is to have a connection to the COO through direct investment. Cultural distance could also be leading individuals to maintain two separate identities - identities not necessarily in conflict but still separate - and having an investment in the COO could be helping to maintain the Indian identity. Finally, individuals high on cultural distance could simply be devoting more time to following things in India, which could translate into being better able to take advantages of opportunities for investment that present themselves.

The fourth research question dealt with the importance of Indian regionalism when it came to making investment decisions. The effect of regionalism in FDI decisions was clear throughout the sample. Of all the investments that had gone into India in this sample, over 80% had actually gone into the respondents' home states. In fact, if we

consider that some of the 'non home state' investments had gone into other states that were recently created from dividing older states, this proportion jumps to almost 90 %.

This points to the important role that regionalism plays in the investment decisions of the diaspora. This is also in line with Zaheer et al.'s (2009) finding that the ethnic ties of founder CEOs of IT enabled service providers in India, which are often regionally based, play an important role in their location choices. However, there could be a number of reasons as to why this regionalism exists. The first reason could be that before India's independence from Britain in 1947, India was often a collection of regional states, complete with their own ruling dynasties, with sometimes nominal tributes to the center. India also has an extremely diverse population, with over 200 spoken languages, a multitude of regional sub-cultures, strong regional identities sustained by historical diversity and a number of religions which makes it the world's largest Hindu, largest Sikh and the third-largest Muslim country (Census of India, 2001). However, when asked to rank the importance of belonging to their religion or home state as compared to being Indian, most respondents rated belonging to either as having much less importance than being Indian, at 2.9 / 7 and 2.4 / 7 respectively. While the impact of religion on the trade and investment behavior of the Indian diaspora was not further investigated, it would seem that home state identity was having a greater impact than the diaspora admitted, at least when it came to investment behaviour. Another reason could be that investors choose their home states because that is where most of their social networks were - family, friends, colleagues, professional associates, fellow alumni, etc. Given the fact India still has institutions and infrastructure that are not as well developed as industrialized countries, the importance of these social networks and their ability to help

in starting and running a business cannot be overemphasized. This is in line with Luk et al.'s (2008) observation that the importance of social ties is increased in transition and emerging economies, especially in cases where market institutions are weak. These ties are often used as a complement to filling institutional voids (Peng, 2002, 2003; Peng and Luo, 2000). A third possible reason could be that the efforts by Indian state governments to boost investments from their overseas citizens were behind this trend. Based on the interviews, it is evident that it is mainly access to social networks, rather than regional identity that is driving this trend towards regionalism. However, it should be noted that states that have attracted the most investments in the sample (Maharashtra, National Capital Territory Delhi, Karnataka and Gujarat) are also homes to Indian's main commercial hubs and fast industrializing cities, such as Mumbai, Delhi, Bangalore and Ahmedabad; thus the regional impact might be moderated by these cities also being the most desirable locations for FDI in India.

The fifth research question tried to determine the importance of various factors in the decision to emigrate from India. The factors that were examined were having other Indians in the city, having people of their own state, having people of their own religion and having relatives or friends in the city of residence. The only factor that was of some importance, as defined by having a mean score of at least 4/7, was the presence of relatives or friends in the chosen city of residence (4.38/7). Having other Indians in the same city was also somewhat important, scoring 3.94/7.

The importance of having friends and relatives in the city of residency can be explained by the fact that India has a collectivist culture, as seen in its Hofstede and GLOBE scores. In fact, when GLOBE breaks down Hofstede's collectivism scores,

India scores much higher on family collectivism than institutional collectivism, indicating the strong role that family and ties of kinship play in the Indian culture. This would make Indians more likely to prefer living in a city where there is a community of Indians, and even more so if there are ties of kinship that bind them. The principle of homophily would also help explain why Indians would prefer to have others like them in their chosen city of residency, since ties based on common race and ethnicity seem to be the strongest. Finally having friends or family members in the city would give the respondents an opportunity to tap into their existing social networks, helping in the transition to the host country. Thus social capital provided by their ethnic kin could be used as a springboard for success in the COR. The difference between Indo-Canadians and Indian-Americans when it comes to the importance of relatives in their decision to immigrate could in part be explained by the different immigration policies of the two countries. For skill based immigration in Canada, potential immigrants get extra points for having certain relatives who are Canadian. In contrast, in the U.S., for the H1B specialty occupation visa, which can often serve as the first step towards U.S. immigration, the presence of relatives who are American does not matter. It should be noted, however, that both countries have separate family based immigration categories as well.

The final research question looked at the factors that could contribute to reverse immigration - returning back to India. The most important reason for thinking of moving back to India is to take advantage of the economic opportunities created by the growing Indian economy. Given that economic growth in India has averaged over 8 % in the last 5 years, while average growth in the host countries has been between 2 - 3 %, it

makes economic sense to consider the option. The opportunities for opening business have expanded even further, with continuing deregulation and reduction of bureaucratic tangles. According to the interviewees, in sectors such as IT and investment banking, individuals having experience of working in the West can often get jobs that have salaries and benefits that, taking into account purchasing power parity, would allow them to maintain a comparable lifestyle to the one they enjoy in the West. Another reason why going back has become an attractive option is that with the rise of modern telecommunications and the ease of maintaining contacts and businesses in both countries, respondents can realistically consider shuttling between the home and host countries and get the 'best of both worlds'.

There seems to be a desire among Indians to give something back to the mother country, as this is the second most important reason for wanting to return. In the follow up interviews, this was usually characterized as the desire to be a part of India's economic and political growth, as well as a desire to invest in India to give something back to the mother country. Respondents who had gotten their undergraduate education from India often talked about the fact that their almost free education created some sort of a moral obligation to do something for their COO, even if they were staying abroad.

Among respondents with small children, the fact that their children would be unsettled moving between two cultures was the most important reason for thinking of moving back to India. Even though most immigrants enjoyed the opportunities and freedom provided by the host countries, they often worried about what effect their very different culture would have on their young children. All five parents interviewed stressed the importance of their children being raised with connection to their Indian

culture. None of the parents were advocating separating from the host culture, but all of them wanted their children to be a part of the Indian culture. One of the things that concerned them was how to maintain an Indian identity for their children in a very different culture. The various components of Indian identity, according to the different interviewees, included language, some customs such as respect for elders and concern for the extended family, religion and maintaining ties to India. It is possible that some of these identity conflicts are being captured by the cultural conflict scale, but because of the limited number of interviewees, this could not be further ascertained. Different interviewees mentioned different explanations as to what an Indian identity meant to them. In this regard, there seemed to be no difference between the attitude of parents in Canada and the U.S. Thus we see a combination of push and pull factors, such as cultural conflict in the COR and increasing economic opportunities in India, working together to create the conditions that make reverse migration to India a realistic option, though by no means an option that most of the diaspora will exercise in the next 3 years. This adds further evidence to the idea that brain circulation is driven both by push and pull factors.

The next hypothesis in this research question checked to see if people who have the most extensive social networks in India were the most likely to return. The results showed that people who maintained extensive contacts in India were significantly more likely to think of moving back to India. The result is in line with expectations, since those having more extensive social networks are more likely to find opportunities suited to their needs. Having the right opportunity to move back, created in a macroeconomic sense by the fast growing Indian economy, is the most important reason why respondents think of returning to India. This right opportunity to move back is often created or

discovered through the help of relatives/friends, colleagues or professional associates. Having the right social contacts is even more important in the case of opening a new business in India. In addition, having contacts in the COO means that the individual is better able to adjust to the COO on return and deal with the 'reverse culture shock'.

The last hypothesis checked to see if people high on cultural conflict were more likely to return to India. The results show that there was no significant difference in attitudes towards moving back between those high on cultural conflict and those low on cultural conflict. This is a surprising result, given that people high on cultural conflict have more trouble in switching to the appropriate cultural frame and should be more comfortable in a situation where there is no need to do this. One possible explanation for this could be that the overall level of cultural conflict in this group is fairly low, so cultural conflict is not a big driver of the decision to go back. Another reason could be that some of the respondents, even though they feel cultural conflict, might actually be more comfortable with the culture of the host country. Third, other factors, such as economic opportunities created by the growing Indian economy, or the desire to give something back to the home country, are having a much greater impact on the desire to go back, thus reducing the importance of cultural conflict. Reverse immigration, because of the accompanying social networks of immigrants, can also act as a facilitator to drive trade and investment, since the social networks of immigrants can act as conduits to facilitate trans-border business ventures. Immigrants can not only use these themselves for future relocations or business activities but also let potential future employers take advantage of these contacts in both countries to help in trade and investment. We could thus see a kind of 'reverse immigrant effect' - the use of returned immigrant social

networks in the old COR to help promote investments and sourcing from the COO to the old COR - and thus help promote trade and investment between the COO and COR in the reverse direction as well. This could be an important way in which the diaspora that has returned or is planning to return can help companies from India in their quest to globalize through outward foreign direct investment. This could also help address the gap that Filatochev, Liu, Buck and Wright (2009) referred to about the lack of research on how social capital and global networks of returning entrepreneurs may affect the internationalization of firms.

This was an exploratory study designed to investigate how the Indian diaspora helped drive trade and investment between India and North America. The results indicate that the Indian diaspora does play an important part in driving trade and investment between Indian and North America. However, there are clear differences between how the diaspora in Canada and the how the diaspora in the U.S. does this.

There are a number of important theoretical implications of this study. The Indian diaspora in Canada is more likely to see Canada as home, and this could imply that the acculturation mode chosen by the COR has a significant impact on the diaspora's attitude towards both the COR and the COO. Multiculturalism is more likely to foster feelings of being at home in the COR. This relationship is moderated by variables such as age and length of time spent in COR, but seems to be unaffected by gender. This study contributes to the field of acculturation modes by suggesting that multiculturalism can lead to a greater sense of belonging in the COR compared to the melting pot approach.

Bicultural identity has an important impact on an individual's propensity to invest in their COO. However, when bicultural identity is further broken down into its two

main components, it seems that cultural distance has a greater impact on the desire to invest than does cultural conflict. Since previous research shows that cultural distance and conflict are relatively independent of each other, it could mean that among immigrants who live in a different culture, the perception of increased cultural distance is a driver of COO investments. The perception of conflict among cultures is not as important as simply the perception that the cultures are different. However, the perception that the two cultures are in conflict is not a good predictor of investments in the COO. Neither cultural distance nor cultural conflict had a significant impact on the trade facilitation behaviours of the diaspora. Age is also an important component of bicultural identity, although surprisingly, the young are more likely to feel more cultural distance compared to their older counterparts. The higher cultural distance felt by the younger respondents could be explained by the lesser amount of time that they have spent in the COR, and also by the greater proportional amount of time of their lives that they have spent in the COO. This further points to the important moderating role of age and time spent in the COO and COR in the acculturation process.

There is no apparent relationship between bicultural identity and trade facilitation behaviours. This is in contrast to the finding in this study that bicultural identity affects investment behaviours. This study contributes to the bicultural identity literature by pointing out the existence of the link between the different components of BII and FDI behaviour, and by further establishing the absence of such a link when it comes to low involvement trade facilitation behaviours. The fact that cultural conflict and cultural distance have empirically distinct impacts on the feeling of being at home in the COR provides further evidence to idea that the two are independent constructs. The correlation

between the two scales was found to be very low 0.049, similar to Benet-Martinez and Haritatos's (2005) finding of 0.02, and provides further evidence to support their finding that the two are psychometrically independent. This study provides more support to the idea that BII may be conceptualized as a process more than a construct and cultural distance and conflict may be two important components in this.

The study also gives us a good basis to compare the activities of the Indian diaspora with regards to trade and investment with their COO with that of other diasporas. While the Chinese diaspora's influence in driving trade and investment between their COO and COR has been extensively studied (Buckley, Wang and Clegg, 2007; Buckley and Meng, 2005; Buckley, Clegg and Wang, 2002; Wei and Liu 2001; Zhang 2005), this is the first major study that looks at the complicated and multifaceted relationship between the Indian diaspora and their COO. Although a cross-cultural comparison between the Indian and Chinese diasporas is beyond the scope of this study, it could provide a useful starting point to compare and contrast the activities of two of the world's largest diasporas from two of the world's fastest growing economies. The previously discussed contrasting historical policies of the Chinese and Indian governments towards their diasporas, where China's was a much more inclusive and engaged approach compared to India's hands off approach, could help partially explain the great disparity in investing in their COOs. India's comparatively greater success in attracting remittances from its diaspora also points to the different ways in which the diaspora can economically assist the home country. According to Khanna (2007), the Indian diaspora also contributes to India through the flow of human capital. However, this study builds on that and also helps point the different ways in which the diaspora

could contribute to the development of the mother country. These include activities such as lobbying on behalf of India, introducing its culture, recommending products, facilitating trade, building social networks between the COO and COR, and engaging in portfolio investment, rather than FDI alone.

This study also points to the fact that when it comes to investments in the COO by immigrants, traditional FDI theories may have to be modified to accommodate the factors that uniquely affect the decisions of immigrants. The home regions in the Regionalization framework could refer not just to geographically proximal regions, but also to 'home' regions as the diaspora sees its home country. In fact, given the strong trend towards regional investments in the Indian diaspora, if the mother country of the diaspora is included within the 'home' region, there could be even greater support for the regionalization hypothesis. This could point to the role that diaspora COO regionalism could play in the regionalization theory. Within Porter's diamond framework, factor conditions at home could be changed by the members of the knowledge diaspora coming back and implementing institutional changes that they were used to in the West. These could include changes such as more transparent government bureaucratic processes, more support for start up enterprises and a greater emphasis on reducing public sector corruption. The use of transnational diaspora networks could also help local firms to compete in the global market place and transfer its benefits to the local market, thus changing demand conditions. The reliance of immigrants on social networks when investing in their COO and home states as well as the reasons behind it could augment the explanations of the TCE framework as to how the transaction costs of FDI could be reduced in home countries using diaspora social networks.

The study also points to some interesting findings in regards to the immigrant related acculturation models of the melting pot and multiculturalism. It seems that multiculturalism is more likely, at least among Indian immigrants, to foster a sense of being at home in the COR. Multiculturalism helps reduce cultural distance, but not cultural conflict. This could mean that the differences between multiculturalism and melting pot approaches in terms of acculturation of the diaspora lies in reducing feelings of being away from home, but not necessarily of reducing the perception of being a part of two conflicting cultures. However, the perception of being discriminated against is not related to which acculturation policy is adopted by the COR. Multiculturalism is more likely to make immigrants feel at home, but that does not translate into their necessarily making more economic progress in the host country.

The immigrant effect is moderated by the acculturation policies adopted by the COR. A melting pot approach is more likely to lead to greater investments in the COO by the host country. The immigrant effect is also moderated by the cultural distance component of bicultural identity - a high perception of cultural distance is correlated with higher investments in the COO, though it does not have a relationship with lower involvement trade facilitation behaviours. This study contributes to the literature on immigrant effect by positively linking it with the cultural distance component of bicultural identity. It also introduces the concept of reverse immigrant effect and explains how returned immigrant networks in the old COR can help firms from the COO enter and expand in the old COR, thus increasing investments and markets in the old COR.

The importance of social networks is confirmed in a number of major decisions made by immigrants in the diaspora. Social networks were found to be the most important reason behind the decision to choose a particular city during immigration, the most important reason behind the desire to choose a particular location for investment and the most important factor when making a decision to move back. In fact, the regionalism within the Indian diaspora when it comes to investing in the COO and their home states can largely be explained by the social networks that they often possess in these states. These social networks, that are often based on ties of homophily, are of great help in driving investments towards their COO in general and their home states in particular.

Social networks are also seen as an important facilitator in the reverse immigration to India. Although there was no evidence that the possession of social networks was the cause for reverse immigration, it was clear that they greatly helped if the individual chose to go back. Surprisingly, cultural conflict did not have an impact on the intention to reverse immigrate, but cultural distance did. This could imply that feelings of being culturally distant, when combined with the possession of extensive social networks in the COO and COR, could be a powerful driver of reverse immigration, even independent of feelings of cultural conflict between the cultures of the COO and COR. An important theoretical implication of this study is the idea that ‘brain circulation’, because of its inherent use of social networks, is an important driver of trade and investment ties between the COO and COR. For similar reasons, brain circulation also fuels the immigrant effect and potentially the reverse immigrant effect

There are a number of important implications for policy makers as well. For policy makers in host countries, the policy of multiculturalism seems more likely to foster an attitude of being at 'home'. However, this does not seem to have any impact on the immigrants' perception of discrimination in the host country. It also does not have an impact on the ability of immigrants to negotiate the conflict between their two cultures. The feeling of not being at home, however, is likely to lead to greater FDI from immigrants towards their COO and a greater likelihood of eventual reverse immigration. For the COO, assuming that the educational and professional qualifications of the diaspora that were under the two acculturation policies were identical, the melting pot model in the COR seems more likely to sustain links with the COO. Since reverse migration need not be permanent, policies that enhance the ability of immigrants to go back to the COO and then return to the host country are likely to foster a greater amount of brain circulation, as opposed to brain drain or brain gain.

Another important implication for policy makers is in the area of immigrant social networks. Since the importance of existing social networks in their chosen city of residency was ranked so highly by immigrants, policy makers might consider how they could attract more immigrants to a city by highlighting the ethnic makeup and ethnic social organizations within it. They could also point to the level of both bonding and bridging capital that exists within and among ethnic groups within the city.

For policy makers in India, it points to the importance of maintaining a robust growth rate in the Indian economy that is so attractive to members of the knowledge diaspora in deciding to return. A potential challenge for Indian policy makers in the coming years could be to reconcile India's economic attractiveness, part of which is

based on lower labor costs, with India's rising overall living standards and income levels. It also points to the need to reform or at least reduce the amount of red tape and cumbersome decision making that were often cited as the biggest reasons why immigrants hesitated to invest in India. For states that have not managed to attract substantial amounts of investments from the diaspora, this is even more important. Another major concern that they need to address is to have diaspora friendly policies that allow these highly skilled workers to easily shuttle between two or more countries and contribute to brain circulation. The recent Indian government decisions to allow dual citizenship and celebrate the contributions of the diaspora are positive steps in this direction.

This study does have a number of important limitations. First, since the sample was restricted to Indian managers, entrepreneurs and professionals, it may not be representative of the Indian diaspora as a whole. However, since this is the group that is most likely to drive trade and investment, it was felt that restricting the sample to them would provide more detailed information about how trade and investment are affected by the diaspora.

Second, when it came to trade facilitation behaviours, the study looked at how often respondents had engaged in them. However, it did not look at how successful these were in actually getting non-Indians to buy Indian products and investing in India. Since this study was restricted to Indians only, it did not examine the actions of non-Indians who had been the target of trade facilitation behaviours. This could be the objective of a future study that looks into this. As this is an exploratory study, it opens the door for future research in this area and its findings are deemed as a step in that direction.

Third, the sample size of 158, while sufficient to perform some statistical analyses, was insufficient to perform more complicated statistical computations, such as structural equation modeling or hierarchical linear modeling. However, the information gained from the analytical techniques used was deemed sufficient to answer the main research questions of the study. While a larger sample size would have been better in terms of the generalizability of the study, the current sample size is sufficient to conclude some preliminary findings that can act as a springboard for future research.

Fourth, the 25 interviews that were held, while useful in following up on the survey questions and gathering richer and more comprehensive data, were fewer than ideally would have been expected for a study of this size. The main reason for this was that survey respondents were promised anonymity and entered their contact information voluntarily only if they wanted to be interviewed after filling out the survey. This traded off the ability to have more follow up interviews with ensuring a more accurate and honestly filled out survey.

A fifth weakness of the study was that it did not actually gather any data from Indians who had gone back to India after spending a few years in the U.S. or Canada. This would have been very useful in ascertaining what the actual reasons for returning were for people who moved back to India and what their employment/entrepreneurship patterns were after their return. The importance of social networks in these decisions makes it imperative to study in greater detail the process by which these networks help drive the respective decisions to immigrate, invest and reverse immigrate. However, since the main focus of the study was on examining how the Indian diaspora drove trade and investment, this information, while both useful and important for academics and

practitioners alike, fell outside the scope of this study. This could be corrected by a future longitudinal study that looked at the relocation and investment choices of Indians over a period of time.

There are a number of avenues of future research that could help build on this study and expand on its findings. Research that looks at how successful and effective the trade facilitation behaviours that were investigated here were would be a useful follow up. A longitudinal study that examines the immigration, reverse immigration and investment behaviours of Indian immigrants would help shed light on how the different factors identified in this study play out over time. The impact of biculturalism can be further studied by looking at the levels of cultural conflict and cultural distance across different generations in the COR. While the actual impact of having young children in the COR on the propensity to go back could not be determined, the interviews seemed to point to the idea that this could be an important factor, and this is something that future studies could investigate. It is also important to have cross cultural comparisons of different diasporas in regards to their immigration and investment behaviours. This could be done by comparing the Indian diaspora in the U.S., for example, with the Chinese diaspora in the U.S. as regards to their interactions with their home and host countries. This could also involve studying the different industries that diaspora FDI is flowing into. For example, the interviews revealed that the Indian diaspora invested heavily in commercial real estate outside of fast growing mega cities. However, this was not something that was asked of the survey respondents. An important future question would be the specific sectors that the diaspora invested in, and how these could be different across different diasporas and CORs. The policies of host countries and their different

objectives and outcomes could be examined by comparing the experience of the Indian diaspora in different countries - for example, comparing the Indian diaspora in the U.S. and the Indian diaspora in Canada with the Indian diaspora in the U.K. Issues specific to transnational diaspora entrepreneurship could be studied by examining the attitudes and behaviours of Indian entrepreneurs in host countries and comparing them to those of other immigrant communities. Future research can also study diaspora FDI and link it to specific FDI frameworks. This would further enhance the ability of current FDI frameworks to incorporate the role of diasporas in attempting to explain how drivers of FDI work in different settings. Future studies can also examine the effect of COR acculturation policies on immigrant propensity for reverse immigration. This should also include studying how immigrants can 'circulate' between more than two countries, and the implications of this for the COO and COR. For example, rather than simply going from India to the U.S., and then back, immigrants may actually spend a few years in a third country in the middle (for e.g., Canada), and then move on to the next countries. It would be important to study if and how their social networks in the various countries help them set up trade and investment flows between these countries. Finally, future research can look at the actual numerical amounts and types of investments generated by the diaspora, and relate them to the extent of their social networks and bicultural identity. This would include studying the extent to which the diaspora invested in start ups versus existing businesses, the locations of these businesses, and the role of social networks and bicultural identity in driving these decisions.

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Appendix 1 - Questionnaire

Survey of Attitude towards Investment/Trade with India

This questionnaire seeks to study the attitudes of Indians and people of Indian origin living in Canada and the United States. Indians and people of Indian origin living outside the borders of India constitute the “Indian Diaspora”. This project will examine how the attitudes of the Indian Diaspora relate to trade and investment between India, on the one hand, and Canada and the United States, on the other. It will also examine how personality and cultural identity contributes to these attitudes towards India and the host countries (Canada and the United States).

All information gathered in this study will be used strictly for academic research purposes and will not be disclosed to any governmental agency for scrutiny. Responses will be kept anonymous and confidential. Participants are free to withdraw from this survey at any time. Participants can obtain cumulative results of the survey by contacting the Researcher directly. Any complaints about the survey or its administration should be brought to the attention of the Ph.D. Program Director.

Thank you very much for agreeing to participate in this survey. This questionnaire should take about 25 minutes to complete. A limited number of respondents may be contacted again for more detailed follow up interviews. If you wish to participate in a follow up interview, please enter your contact details in the area provided below. If you do not wish to participate in a follow up interview, please leave the contact details area below blank.

Please provide your contact details (name and telephone number) in the space provided below. *(Provide your contact information only if you wish to participate in a follow up interview):*

Researcher: Masud Chand, Ph.D. Candidate
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SECTION I - ATTITUDES TOWARDS INDIA AND CANADA

Please specify the degree to which you agree or disagree with the following statements. There is no right or wrong answer; your honest opinion is solicited here. (Please check one box: 1 being “Strongly Disagree” increasing to 7 being “Strongly Agree”)

- 1) I am simply an Indian who lives in Canada:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 2) I keep Indian and Canadian cultures separate:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 3) I identify myself as an Indo-Canadian:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 4) I feel part of a combined culture – Indian and Canadian:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 5) I am conflicted between the Indian and Canadian way of doing things:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 6) I feel like someone moving between two cultures:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 7) I feel caught between the Indian and Canadian cultures:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 8) I don't feel trapped between the Indian and the Canadian cultures:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 9) I consider Canada as my home:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 10) I consider India as my home:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

11) I feel more comfortable doing business in Canada:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

12) I feel more comfortable doing business in India:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

13) Canada is a positive force in global affairs:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

14) India is a positive force in global affairs:

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

SECTION II - PERSONALITY

Below are a number of personality traits that may or may not apply to you. Again, there is no right or wrong answer; your honest opinion is sought here. (Please check one box: 1 being “Strongly Disagree” increasing to 7 being “Strongly Agree”)

I see myself as:

- 1) Extraverted, enthusiastic

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 2) Critical, quarrelsome

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 3) Dependable, self-disciplined

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 4) Anxious easily upset

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 5) Open to new experiences, complex

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 6) Reserved, quiet

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 7) Sympathetic, warm

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 8) Disorganized, careless

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 9) Calm, emotionally stable

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 10) Conventional, uncreative

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

SECTION III - PERSONAL INVESTMENTS

- 1) Have you invested in India either in the form of direct investments, portfolio investments or government bonds?

Yes ☐ No ☐

Note: Direct Investment here refers to a long-term investment that includes an active role in managing or controlling the company in question. Portfolio investment here refers to passive holdings of financial securities such as stocks or corporate bonds that do not entail active management or control of the company in question.

- 2) If yes, have you invested in the form of (Check all that apply):

- a. Direct Investments ☐
b. Portfolio Investments ☐
c. Government Bonds ☐

- 3) If not, do you plan to invest in India within the next 3 years?

Yes ☐ No ☐ Undecided ☐

- 4) If you plan to invest in India within the next 3 years, do you plan to invest in the form of (Check all that apply):

- a. Direct Investments ☐
b. Portfolio Investments ☐
c. Government Bonds ☐

- 5) If yes, have you invested in your home state/region?

Yes ☐ No ☐

- 6) Do you believe that returns on investment in your home state will be greater than that from other states in India?

Yes ☐ No ☐

- 7) Have you ever recommended someone else (such as family members and friends) to invest in India?

Yes ☐ No ☐

- 8) Have you ever recommended someone else (such as family members and friends) to invest in your home state?

Yes ☐ No ☐

- 9) What is the primary reason that you want to invest in India?

- a. Higher rate of returns compared to Canada ☐
- b. Diversify my asset holdings ☐
- c. Have important contacts in India ☐
- d. Help my mother country (India) ☐

SECTION IV - IMMIGRATING TO CANADA

- 1) If you are an immigrant to Canada, please rank your 3 most important reasons for immigration, with 1 being the most important:

- a. Obtain a better education ☐
 - b. Canada's perceived higher quality of life ☐
 - c. Obtain Permanent Residency ☐
 - d. Secure a higher paying job ☐
 - e. Escape persecution at home ☐
 - f. Provide a better life for my children ☐
 - g. Other (please specify below) ☐
-

- 2) When you first came to Canada, did you have any friends already living in your city of residency?

Yes ☐ No ☐

- 3) When you first came to Canada, did you have a close relative already living in your city of residency?

Yes ☐ No ☐

- 4) If yes, please specify relationship: _____

- 5) If you came primarily to study, did you have any friends or relatives in your chosen college or university?

Yes ☐ No ☐

- 6) How important was the presence of friends/relatives in your intended city of residency in your decision to immigrate? (Please check one box: "1" being "Not Important at all" increasing to "7" being "Very Important")

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 7) If you came primarily to study, how important was the presence of friends/relatives in your decision to choose that college or university? (Please check one box: "1" being "Not Important at all" increasing to "7" being "Very Important")

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

8) Upon your initial arrival in Canada, how helpful were your friends/relatives in the city/school in helping you with the following: (Please check one box: “1” being “Not Important at all” increasing to “7” being “Very Important”). If you did not have any friends or relatives in your city/school, skip to Section V.

a) Providing general information about life in Canada?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

b) Providing moral support when facing problems?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

c) Helping with your job search?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

d) Financial support?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

SECTION V - YOUR CITY OF RESIDENCY IN CANADA

- 1) Did you research the Indian population of the city (such as size, region of India they come from, etc.) before relocating to it?

Yes ☐ No ☐

- 2) Did you research the Indian population originating from your home state in the city before relocating to it?

Yes ☐ No ☐

- 3) Is there a community of people from your region/ home state in your city of residence?

Yes ☐ No ☐

- 4) If yes, how important a factor was that in your decision to migrate? (Please check one box: "1" being "Not Important at all" increasing to "7" being "Very Important")

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 5) Is there a community of people of your religion in your city of residency?

Yes ☐ No ☐

- 6) If yes, how important a factor was that in your decision to migrate? (Please check one box: "1" being "Not Important at all" increasing to "7" being "Very Important")

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 7) How important is it to have people of your own particular community where you live? (Please check one box: "1" being "Not Important at all" increasing to "7" being "Very Important")

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

SECTION VI - TIES TO INDIA

- 1) On an average, how much time annually did you spend in India over the last five years? (Please check one box)

- a. Less than a week ☐
- b. Between one and two weeks ☐
- c. Between two and four weeks ☐
- d. Between one and three months ☐
- e. More than three months ☐

- 2) Have you considered moving back to India?

Yes, very often ☐ Yes, sometimes ☐ Yes, very occasionally ☐ No, never ☐

- 3) If yes, what are the most important reasons for returning to India along with their relative importance: (Please mark all that apply: “1” being “Not Important at all” increasing to “7” being “Very Important”)

- a. Economic opportunities created by the growing Indian economy.

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- b. Better quality of life in India.

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- c. Experienced racism/discrimination in Canada.

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- d. Children unsettled between two cultures.

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- e. Give something back to my native country.

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 4) Do you have colleagues/professional associates back in India who are in regular contact with you?

Yes ☐ No ☐

- 5) Have you been offered a job in India better or comparable to the job you have in Canada since coming to Canada?

Yes ☐ No ☐

- 6) If yes, who offered the job: (Check all that apply)

- a. Friend ☐
- b. Colleague/professional associate ☐
- c. Family member ☐
- d. Former classmate ☐
- e. Headhunter ☐
- f. Other ☐

- 7) Do you or your family own a business in India?

Yes ☐ No ☐

- 8) If you were to move back to India, would you: (Please check one box)

- a. Prefer to open your own business ☐
 - b. Get a job ☐
 - c. Other (please specify below) ☐
-

- 9) If you returned to India to work there, what would be your first preference? (Please check one box only)

- a. Work for a Multinational Company ☐
- b. Work for an Indian Company with operations in India only ☐
- c. Work for an Indian company with extensive overseas operations ☐
- d. Work in the Public Sector ☐
- e. Other (Please specify) ☐

- 10) Over the next 3 years, how likely are you to relocate to India on a permanent/long-term basis? (Please check one box: "1" being "Not Likely at all" increasing to "7" being "Very Likely")

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 11) How important is being a member of your state (Punjab, Bengal, Kerala, etc.) in comparison to being an Indian? (Please check one box: “1” being “Not Important at all” increasing to “7” being “Very Important”)

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

- 12) How important is being a member of your religious group (Hindu, Muslim, Sikh, Christian, etc.) in comparison to being an Indian? (Please check one box: “1” being “Not Important at all” increasing to “7” being “Very Important”)

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

SECTION VII - ATTITUDE TOWARDS INDIAN PRODUCTS

- 1) Are you a regular user of Indian products or services?

Yes ☐ No ☐

- 2) Have you ever recommended an Indian-made product to a non-Indian?

Yes ☐ No ☐

- 3) Can you name some Indian products or services that you consider to be world class?

- 4) Can you name some Indian brands that you consider to be world class?

- 5) In your opinion, to what extent do you think the quality of Indian products and services has improved over the last 10 years? (Please check one box: “1” being “Not at all” increasing to “7” being “A very great extent”)

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

6) Do you have friends who are non-Indians?

Yes, many ☐ Yes, a few ☐ No ☐

7) Have you ever taken any non-Indian friends to Indian gatherings or cultural events?

Yes, very often ☐ Yes, sometimes ☐ Yes, very occasionally ☐ No ☐

SECTION VIII - POLITICS IN CANADA

1) Have you ever tried to influence Canadian government policy towards India?

Yes ☐ No ☐

2) If so, how? (Please check all that apply)

- a. Write a letter to the editor ☐
- b. Organize information campaigns ☐
- c. Calling/writing to your MP/MLA ☐
- d. Participating in demonstrations ☐
- e. Forming/joining a political advocacy group ☐
- f. Other (please specify below): ☐

3) Are you currently a member of any political party in Canada?

Yes ☐ No ☐

4) Can you name any prominent Indo-Canadian politicians? Please write their names.

5) Do you consider Indo-Canadian politicians to be more responsive to the needs of the Indo-Canadian community as compared to politicians of other ethnicities?

Yes ☐ No ☐

- 6) Do you believe that Indo-Canadian politicians are more inclined to take India's interests in their minds when they make decisions?

Yes, always ☐ Yes, sometimes ☐ Yes, very occasionally ☐ No, never ☐

- 7) To what extent have you ever felt you have been harassed or discriminated against in Canada because of being Indo-Canadian? (Please check one box: "1" being "Not at all" increasing to "7" being "A very great extent")

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

SECTION IX DEMOGRAPHICS

Gender: Male ☐ Female ☐

Age: (Please check one box)

Less than 20 ☐

Between 20 and 30 ☐

Between 31 and 40 ☐

Between 41 and 50 ☐

Between 51 and 60 ☐

More than 60 ☐

Nationality: (Please check all that apply)

Indian ☐

Canadian ☐

Other ☐

If not Canadian, do you have Canadian **Permanent Residency**? Yes ☐ No ☐

Home State (in India): _____

City of Residency (in Canada): _____

Religion:

Hinduism ☐ Sikhism ☐ Islam ☐ Christianity ☐ Buddhism ☐ Other ☐

Marital Status:

Single ☐ Married ☐ Other ☐

Ethnicity of Spouse (If applicable):

East Indian ☐ Caucasian ☐ Chinese ☐ Black ☐ First Nations ☐ Other ☐

Do you have children: Yes ☐ No ☐

If yes, what are their ages? _____

Primary Language Spoken at Home: _____

Total years spent in Canada (years): _____

Place of Birth: _____

Highest Educational Degree:

High School ☐ Bachelor ☐ Master ☐ Doctoral ☐

Undergraduate Degree From:

India ☐ Canada ☐ USA ☐ UK ☐ Other ☐ (please specify below)

Graduate Degree (if applicable) From:

India ☐ Canada ☐ USA ☐ UK ☐ Other ☐ (please specify below)

Current Profession: _____

Thank You

Please return completed survey to:

*Masud Chand
masudc@sfu.ca
Faculty of Business
Simon Fraser University
8888 University Drive
Burnaby
BC V5A 1S6
Canada*

Appendix 2

Report											
Country		P 1	P2	P3	P4	P5	P6	P7	P8	P9	P10
Canada	Mean	5.48	2.93	5.69	2.74	5.57	3.02	5.83	2.55	5.48	2.74
	N	84	84	84	84	84	84	84	84	84	84
	Std. Deviation	1.167	1.755	.864	1.584	.882	1.693	0.903	1.586	0.988	1.584
US	Mean	5.31	2.60	5.51	2.89	5.29	3.03	5.17	2.40	5.23	2.66
	N	74	74	74	74	74	74	74	74	74	74
	Std. Deviation	1.399	1.256	1.004	1.399	1.476	1.414	1.372	1.184	1.253	1.361
Total	Mean	5.40	2.78	5.61	2.81	5.44	3.03	5.53	2.48	5.36	2.70
	N	158	158	158	158	158	158	158	158	158	158
	Std. Deviation	1.276	1.549	.931	1.500	1.194	1.567	1.184	1.415	1.119	1.482

Note: Items P1 and P6 measure the Extraversion dimension, P2 and P7 the Agreeableness dimension, P3 and P8 the Conscientiousness dimension, P4 and P9 the Emotional Stability dimension and P5 and P10 the Openness dimension.

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
P 1 * Country	Between Groups	(Combined)	1.001	1	1.001	0.613	0.435
	Within Groups		248.038	156	1.632		
	Total		249.039	157			
P2 * Country	Between Groups	(Combined)	4.034	1	4.034	1.688	0.196
	Within Groups		358.361	156	2.389		
	Total		362.395	157			
P3 * Country	Between Groups	(Combined)	1.185	1	1.185	1.371	0.244

			Sum of Squares	df	Mean Square	F	Sig.
	Within Groups		131.438	156	0.865		
	Total		132.623	157			
P4 * Country	Between Groups	(Combined)	0.832	1	0.832	0.368	0.545
	Within Groups		343.324	156	2.259		
	Total		344.156	157			
P5 * Country	Between Groups	(Combined)	3.117	1	3.117	2.205	0.140
	Within Groups		214.857	156	1.414		
	Total		217.974	157			
P6 * Country	Between Groups	(Combined)	0.001	1	0.001	0.000	0.985
	Within Groups		375.895	156	2.473		
	Total		375.896	157			
P7 * Country	Between Groups	(Combined)	16.728	1	16.728	12.867	0.000
	Within Groups		197.610	156	1.300		
	Total		214.338	157			
P8 * Country	Between Groups	(Combined)	0.832	1	0.832	0.414	0.521
	Within Groups		305.610	156	2.011		
	Total		306.442	157			
P9 * Country	Between Groups	(Combined)	2.341	1	2.341	1.880	0.172
	Within Groups		189.295	156	1.245		
	Total		191.636	157			
P10 * Country	Between Groups	(Combined)	0.250	1	0.250	0.113	0.737

			Sum of Squares	df	Mean Square	F	Sig.
	Within Groups		336.010	156	2.211		
	Total		336.260	157			

Appendix 3 - Factorial Structure of the Bicultural Identity Integration Scale

Questions on BII Scale	Cultural Distance	Cultural Conflict
I am simply an Indian who lives in the United States (Canada)	0.72	0.085
I keep Indian and American cultures separate	0.71	-0.025
I identify myself as an Indo-American	-0.70	0.19
I feel part of a combined culture – Indian and American	-0.64	0.05
I feel like someone moving between two cultures	-0.014	0.85
I am conflicted between the Indian and American way of doing things	-0.079	0.81
I feel caught between the Indian and American cultures	-0.106	0.86
I don't feel trapped between the Indian and the American cultures	0.062	-0.77

Alpha for Cultural Distance: 0.64

Alpha for Cultural Conflict: 0.83

Correlation between Cultural Distance and Cultural Conflict: 0.049