

How high growth economies impact global information technology departments

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Abstract By the very nature of information technology (IT), change and dynamism have always been significant drivers on its path to further development—and it has traditionally been the Western countries leading these. Now the picture is changing. The new high growth economies of the world (also known as BRIC countries) are increasingly pressing forward as active IT development drivers. Internal IT organizations of international companies are experiencing these global shifts firsthand and are facing changes in their traditional roles. This exploratory research is aimed at clarifying the context of the impact of high growth economies on such IT departments of Western-rooted enterprises. Forty-six interviews were conducted with IT managers, HR managers and expatriates emphasizing the importance of intercultural interaction, maturing IT economies, change in IT landscape and entrepreneurship.

Keywords Corporate strategies · Information technology industry · Intercultural interaction · International stability · Organizational factors · Work organization

Dietrich Brandt: Retired from RWTH Aachen University (2002).

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1 Introduction: the global footprint of the IT industry

The world economic map is going through a real transformation. While during the last two centuries the map was dominated by Western Europe and North America, during the last decade, emerging economies have made enormous progress in economic terms. After the beginning of the world financial crisis in the year 2007, just less than half of all global growth has originated from the so-called BRIC countries. This is in strong contrast to their previous share in the world's economic growth, being around 16 % from 2000 till 2006 (BRIC Growth 2012).

In terms of IT industry structure, new geographic industry clusters are taking concrete shape. Bundling all these developments are the IT service companies that are rising from emerging economies. In the past, Silicon Valley was considered the thriving global heart of IT innovation, while Bangalore, India, was the world's restless legs for IT process operations. This clear picture is becoming more blurry though as the Indian IT economy is starting to gain more maturity due to the increasingly experience-rich flagship IT service companies as evidenced in a surge in general R&D costs in India (Costs of Indian R&D 2012). Also there are signs of a more geographic spread of growth of new R&D centres outside of India's well-developed Tier-1 cities (Indian R&D Ecosystem 2012).

While the Indian IT service providers are starting to move up the value chain with their services offering they are also settling down with new branches in China to make use of cheap labour conditions there. This means that Indian IT service companies are beginning to discover China as a market to not only serve, but also produce in. For instance, Tata Consultancy Services Ltd (TCS) plans to spend \$6 million to start a research facility at the Singapore