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IT Investments in Developing Countries: Mini-Track Introduction

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INTRODUCTION

A large portion of corporate spending is related to Information Technology (IT) (Weill, Subramani and Broadbent, 2002). Increasingly, many of these IT-related expenses are investments in developing countries. Often the main motivation of this strategy is to increase the competitiveness through cost advantages. At the same time, the value of the outputs generated in the emerging economies also increases. For these reasons, the topic of the payoffs of IT investments in developing countries is an important issue for the business managers and academic researchers alike.

The questions about the payoffs of IT investments, also called Productivity Paradox of Information Technology (Brynjolfsson, 1993; Kohli and Sherer 2002), are widely discussed. The biggest limitation of these studies is, however, the fact that most of them focus only on a very limited set of developed countries which are located primarily in North America and Western Europe. Regarding Eastern and Central Europe, Africa, the Middle East, South and East Asia, Central and South America, and other regions in development, very little research is reported about the impact of IT investments on business value in organizations.

These investments are often initiated and led by investors from North America and Western Europe, which also impacts their economies. Therefore, more investigation is necessary due to this increased globalization and the resulting high IT-related investments in developing countries. This will not only benefit scholars focusing on developing countries but it will also help local as well as global organizations derive more value from IT investments.

The objective of this mini-track is, therefore, to focus on the topic of IT investments in developing countries.

IT RESEARCH IN DEVELOPING COUNTRIES

The imbalance in the number of scholarly publications on IT related issues in developed and developing countries has been observed by many authors (Checchi, Hsieh and Straub, 2003). It appears that the IT community is lagging in a global focus of their research (Palvia, 1998). One of the explanations of this lack of IT-related publication in developing countries could be explained by the lack in spending devoted to research activities.

Furthermore, many of the findings from developing countries have only a limited value for scholars and business managers in less developed countries. For example, the existing comparative studies report that in developed countries, decision makers focus their attention on strategic issues of IT investments while in developing countries, mostly operational investments are preferred (Pimchangthong, Plaisent and Bernard 2003). In many cases, comparative cross-country studies may produce unexpected results. It appears, for example, that telecommuting, or the ability to work from remote places, enjoys substantially more acceptance among Mexican knowledge workers than among their US colleagues (Navarrete and Pick, 2003).

For all these reasons, the lack of research in the IT-related field in developing countries strongly limits the development of IT infrastructure and the use of IT technology at many levels: individuals, groups, organizations, and regions. For example, there are not many papers reporting on e-government experiences in developing countries. E-government applications can only succeed when a city, region, or country has the infrastructure, the organizations to develop the application, and the users who have the necessary skills to use that application.

PAPERS IN OUR MINI-TRACK

Our mini-track includes three papers. The first paper entitled “Global IT Expenditure Growth: An Empirical Investigation Across Nations,” authored by Bagchi, Putnam and Tang, examines the use of different models, such as the S-curve, in order to explain the growth in IT spending across different countries. In addition, the study attempts to investigate if countries with rather low IT infrastructures allocate a higher percentage of their national income to IT budgets.

The second paper entitled “Using Activity-Based Costing for Evaluating Information Technology Related Investments in Emerging Economies: A Framework,” by Roztocki and Weistroffer, proposes a methodology for evaluating IT investments by integrating the value chain model with activity-based costing. This framework may benefit managers in developing countries to derive more business value from their limited resources available for IT investments. In addition, this paper may also benefit researchers examining the topic of IT productivity.

The third paper entitled “The Role of ES Implementation in IJV Development: Exploring the Relationship,” authored by Ding, examines the relationship between international joint ventures and the role of Enterprise Systems. This relationship is investigated using a case study approach and offers valuable insights into strategic and operational decision-making in developing countries.

CONCLUSIONS

Understanding the relationship between IT investments and potential payoffs in developing countries is a crucial matter, not only for local business managers, but also for business community as a whole. It is also important for IT scholars to expand their focus because most of the previous research has only concentrated on a limited set of developing regions and have had limited accurate data sources.

We hope that our mini-track will contribute to this topic, and more importantly encourage more research and publications.

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