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The Impact of ICT on Globalisation

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The Impact of Information and Communication Technology on Globalisation – 16.10.2004 – Olaf Konstantin Krueger, M.A.



ICT had a major impact on the workings of the global economy

- **Globalisation** has been facilitated by advanced ICT networks
- **ICTs** have helped bring dot.com businesses into being
- ICTs have **restructured global markets** and whole industry sectors
- ICTs have **challenged conventional economic thinking**
- ICTs have **redefined how business is done internationally**
- **ICTs impacted on every worker** in the global marketplace.





ICTs hasten the decline in the traditional kinds of jobs in the Global Economy

- ICTs force deindustrialisation
- ICTs help flatten organizational structures
- ICTs help outsource non core business activities
- ICTs help spread automation.



In Electronic Commerce (EC) computers communicate via a telecommunication network

- Network computing creates the **infrastructure for EC**
- ICTs **connect computers** or networks confined to one organization
- ICTs connect computers linked to a global network environment: **Internet**
- ICTs connect computers to networks within organisations: **Intranet**.

The "Internet refers to both a technical infrastructure of computers and other digital devices permanently connected through high-speed telecommunications networks, and to the forms of content, communication, and information sharing that occur through these networks."

(Flew 2002, 12)



“The existence of a new economy is derived not from the existence of new technologies alone but from the growing importance of ideas and intangibles, or from the central role of knowledge and creativity, applied through the use of ICTs and networked media.”
(Flew 2002, 146)

ICTs accelerate competitive product and best customer service for high satisfaction clients. ICTs require the ability to

- work in **networks**
- work in **virtual organizations**
- work in **collaborative design and development**
- work in **knowledge management**
- **adapt**
- **react quickly**
- **anticipate.**



ICTs allow communication to be sent or received at any time of the day or night

- Due to ICTs the working day has no timing
- ICTs **transmit knowledge as the central key resource**
- ICTs **help best compliance** with quickly changing client's demands
- ICTs **allow to spread a scale of goods and services**
- ICTs **help consolidate** the perspective for the existence of an organization.



The emergence of “creative industries results in part from the scope of ICTs to allow for greater flexibility in production, such as small batch production rather than long production runs.”
(Flew 2002, 114)

ICT contributes to the “Death of distance” (Cairncross 1998)

- ICTs **help small companies** offer services in the new Global Economy
- ICTs **help mega corporations** with huge resources and deep pockets
- ICTs **help enthusiastic twenty year olds** with an idea and a computer
- ICTs **offer potential** to creative industries, big or small.



“The corollary of a network society, and a new economy based on information, globalisation, and networking, is that power is increasingly organised around the *space of flows*.”

(Flew 2002, 69)

In the new Global Economy, organisational structures are more flexible and dynamic

- **ICTs help large business organisations become flatter, leaner, more freewheeling**
- **ICTs help the downsizing and delayering of organisational structures**
- **ICTs help management hierarchies become distributed lattices of ICT interconnections.**



Given the advance of ICTs ...

- ... we are likely to see more small companies spring up in the new Global Economy,
- ... many companies will become networks of independent specialists,
- ... more people will be able to work in smaller units or alone.

Thank you.