SA Regions and the ICT sector

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Comparing (large) MNCs and (small) local firms

- Subsidiaries of MNCs behave as can be expected
- Local firms are small, highly global and organised quite differently

Multinational ICT Corporations

- In Gauteng (Johannesburg)
- A hub for Africa as a whole
- Aware of their size and status
  - Actively influencing policy
- Formal relationships with government and universities in SA

Nature of networks

- Network for knowledge overwhelmingly **within** MNC
  - Sophisticated
  - Sometimes not responsive when a need to pursue new opportunities and new partners
- Employees do not feel themselves "South African"
  - "We could be anywhere"

South African ICT firms

- Either completely domestic or very international
- If international, either Africa or the developed world
- For the developed world very narrow niches – virtually "competitor-free" space
  - Mass SMS distribution
  - Sensing of forest fires
  - Online gaming back-end support

Regional dimension of location decision

- Both Gauteng and Western Cape
- Very limited interaction with government (local or national)
- Expectations of basic infrastructure – electricity and broadband
- Reason for location decision highly personal
  - "Look at the mountains."
  - "I am a Blue Bulls supporter."
- Many informal relationships in region
- Importance of **recruitment agencies** as brokers to access scarce skills

Different way of thinking about organising

- Physical location of customers and/or suppliers less important
  - ICT firms with tech-savvy employees - MAIN interaction is electronic
  - Time zones mentioned as challenge
- Very strong reliance on outsourced capabilities
  - Business models designed to enable easy connection with the main firm
  - "Modular" design in the composition of firms

Historical dimension of emergence of firms

- Majority of firms are white-owned
  - Scepticism about value of engagement with SA government
  - South African diaspora across the world creates a sense of global connectedness
- Black-owned ICT often more connected to government
  - Preferential procurement
- "Natural experiment" about role of government

Additional work

- Interview start-ups with black founders
- Expand interviews to consider the nature of global connectedness

Thanks for your attention/questions

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