STRATEGIC MANAGEMENT TRANSFORMATION AND SUSTAINABLE DEVELOPMENT IN IT OUTSOURCING

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DOI: https://doi.org/10.30525/978-9934-26-715-4-18

Abstract. The subject of this study is the transformation of the strategic-management system of international IT outsourcing companies under conditions of global technological, market, organizational, and institutional change and the implications of this transformation for sustainable development. The study proceeds from the premise that these companies are not merely a convenient empirical setting for observing a general phenomenon. Their knowledge-intensive resource base, global delivery networks, ecosystem dependence, rapidly changing service portfolios, and participation in client transformation generate a specific managerial problem: changes in the logic of value creation increasingly require changes in the mechanisms through which strategy is interpreted, formulated, implemented, coordinated, evaluated, and renewed. *Purpose.* The purpose of the chapter is to develop a system-configurational explanation of how changes in the business environment and value-creation logic of international IT outsourcing companies create the need to transform their strategic-management systems, and to determine how coherent transformation may support long-term adaptability, resilience, and sustainable development. *Methodology.* The study combines conceptual synthesis, a two-stage Scopus-oriented literature review, and analytical interpretation of previously obtained longitudinal findings. A theory-driven search using candidate constructs produced 38 documents, while a subsequent theory-neutral search focused on the transformation/adaptation of IT outsourcing and IT service provider firms without pre-specifying a theory produced 230 records. A focused evidence review of 15 provider-level studies was then used to identify the principal explanatory lenses and their boundaries. The analytical framework draws on Dynamic Capabilities, Strategy-as-Practice, and the configurational approach as complementary perspectives

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that illuminate different levels of the same transformation phenomenon rather than as a single meta-theory. *Results.* The literature review shows substantial knowledge about particular mechanisms and domains of change - including dynamic capabilities, organizational ambidexterity, global value-chain upgrading, business-model transformation, strategic-change cases, and routines/knowledge mechanisms – but does not reveal one dominant integrative construct that represents these changes as mutually dependent manifestations of transformation of the strategic-management system. The chapter therefore distinguishes the strategic-management system from the domains it strategically reconfigures. The system is conceptualized through interrelated processes of strategic sensing, interpretation, choice, resource and capability orchestration, implementation, control and feedback, and strategic learning/reconfiguration, supported by actors, decision rights, governance, practices, and information-analytical mechanisms. The nine previously identified transformation contours are interpreted not as components of the system itself, but as domains in which its strategic reconfiguration becomes observable. *Practical implications.* The proposed distinction enables managers to diagnose not only which business domains are changing, but whether the mechanisms of strategizing themselves are being transformed and whether changes across domains form a coherent configuration. *Value/originality.* The originality of the chapter lies in shifting from a fragmented interpretation of separate strategic responses toward a system-configurational representation of their interdependence. This makes it possible to distinguish isolated strategic change from transformation of the strategic-management system and provides a theoretical basis for identifying manifestations, configurations, intensity, phases, and resulting states of transformation. Sustainable development is treated as a broader strategic implication of adaptability and resilience rather than as a synonym for transformation.

INTRODUCTION

International IT outsourcing companies have developed within one of the most dynamic segments of the global economy. Their historical expansion was associated with international specialization, access to global talent pools, labor and knowledge arbitrage, distributed delivery, economies of scale, and the transfer of technological and business processes from

client organizations to specialized providers. In the contemporary digital economy, however, the nature of this model is changing. Providers are increasingly expected not only to execute predefined technological tasks but also to participate in the design of digital architectures, transformation programs, business-process redesign, data strategies, artificial intelligence initiatives, cybersecurity, cloud migration, and ecosystem integration. This shift changes the strategic role of the provider and, consequently, the requirements imposed on its strategic-management system.

The scale and speed of current technological change create conditions in which periodic strategic planning becomes insufficient. Artificial intelligence, cloud computing, advanced analytics, digital platforms, automation, cybersecurity, and new forms of human-machine collaboration alter the economics of IT services, the structure of client demand, the composition of skills, and the logic of value creation. Digital transformation research emphasizes that technological disruption does not remain confined to the technical layer of the organization: it can reshape value propositions, organizational structures, business models, capabilities, and strategic responses [15; 16; 17]. For international IT outsourcing companies this effect is amplified because the same technologies simultaneously change their internal operating model and the services through which they create value for clients.

The problem is therefore broader than the replacement of one technology by another or the revision of a particular corporate strategy. If a company launches an AI platform, acquires a consulting business, expands a cloud practice, enters a new geography, or signs a hyperscaler partnership, these are strategically important changes.

Yet an individual initiative does not by itself demonstrate that the strategic-management system has been transformed. Transformation of strategic management concerns the mechanisms through which the company recognizes strategic challenges, interprets them, sets priorities, allocates resources, coordinates strategic actions, institutionalizes new practices, and revises strategic choices over time. This distinction between strategic change and transformation of strategic management is essential for the present research.

A second distinction concerns economic performance. Revenue growth, profitability, productivity, market capitalization, diversification, or

changes in the structure of income are meaningful indicators of corporate development, but they should not automatically be treated as direct measures of strategic-management transformation. A company may demonstrate strong financial results while preserving a relatively stable strategic-management architecture. Another company may temporarily experience weaker growth while undergoing deep reconfiguration of capabilities, portfolio structure, delivery models, ecosystem relationships, and strategic practices. Consequently, economic dynamics and strategic-management transformation are analytically related but not identical phenomena.

The same methodological caution is necessary when sustainable development is introduced into the analysis. In this chapter sustainable development is not used as a substitute term for strategic transformation and is not reduced exclusively to environmental or ESG indicators. At the firm level, sustainable development is understood more broadly as the ability to maintain long-term viability and value creation while renewing the economic, organizational, technological, human, governance, and interorganizational foundations of the business. The argument advanced here is that the transformation of strategic management can create an organizational mechanism supporting such long-term adaptability and resilience, but it does not guarantee sustainable outcomes automatically.

The purpose of the study is to develop a system-configurational explanation of how global transformations alter the business and value-creation logic of international IT outsourcing companies, why these changes create a specific need to transform their strategic-management systems, and how coherent transformation can contribute to strategic adaptability, resilience, and sustainable development.

To achieve this purpose, the study addresses the following tasks: to identify the main global transformations that change the business environment and value-creation logic of international IT outsourcing companies; to diagnose the specific strategic-management problem generated by these changes; to distinguish transformation of the strategic-management system from individual strategic changes and economic outcomes; to identify the main theoretical lenses used in the literature to explain provider-level change and the limits of their integration; to define the strategic-management system and separate it from the domains of strategic reconfiguration; to interpret the multi-contour architecture as a configuration of observable transformation

domains; and to clarify the relationship between strategic-management transformation, adaptability, resilience, and sustainable development.

The methodology combines conceptual synthesis and structured literature analysis with an analytical interpretation of previously obtained longitudinal findings. The literature review was organized in two stages. First, a theory-driven Scopus search used candidate constructs such as dynamic capabilities, organizational ambidexterity, strategic change, strategic transformation, and business-model innovation and produced 38 documents. Second, to reduce confirmation bias, a theory-neutral search specified the IT outsourcing / IT service provider context together with transformation, adaptation, reconfiguration, renewal, upgrading, and related phenomena without pre-selecting a theoretical lens; this search produced 230 records. Screening of titles, abstracts, keywords, and references was followed by a focused evidence review of 15 provider-level studies representing the principal explanatory approaches. This design makes it possible to distinguish between constructs imposed by the search strategy and the theoretical language that actually emerges from the field.

The empirical background is provided by earlier longitudinal analysis of the annual corporate reporting of ten international IT outsourcing and adjacent digital-service companies for 2015-2024, where strategically saturated fragments were interpreted through strategic indicators, inductive groups, transformation contours, index measures, and transformation phases [28]. These earlier results are used here as an empirical background for conceptual development rather than as direct proof that every observed business-domain change constitutes transformation of the strategic-management system.

The present chapter does not reproduce the previous empirical calculations. Instead, it reinterprets the established transformation architecture through the distinction between (a) the strategic-management system – the mechanisms and practices through which strategy is interpreted, formulated, implemented, evaluated, and renewed – and (b) the strategic domains in which the consequences of that system-level reconfiguration become observable.

The logic of presentation follows this research design.

First, the chapter identifies global transformations that create strategic pressure on IT outsourcing providers.

Second, it diagnoses the specific strategic-management problem generated by the changing business and value-creation logic of international IT outsourcing companies.

Third, it defines the strategic-management system, distinguishes its transformation from individual strategic changes and economic dynamics, and separates the system itself from the domains it strategically reconfigures.

Fourth, it identifies the theoretical fragmentation revealed by the Scopus review and positions Dynamic Capabilities, Strategy-as-Practice, and the configurational approach as complementary perspectives on different levels of the same phenomenon.

Fifth, it interprets the nine-contour architecture as a set of interdependent domains and observable manifestations of strategic reconfiguration rather than as a list of components of the strategic-management system itself.

Sixth, it discusses the implications for sustainable development. Finally, the discussion formulates research propositions and directions for further empirical verification.

1. Global Transformations and Strategic Pressure

The strategic environment of international IT outsourcing companies is increasingly shaped by several global transformations that interact rather than occur independently. Their cumulative effect changes the logic of competition, the structure of client demand, and the mechanisms through which providers create and capture value. Digital transformation should therefore be interpreted not as a single technological trend but as a complex process of organizational and strategic renewal [15; 16]. In the IT outsourcing industry this process is especially visible because providers both consume digital technologies internally and commercialize them as part of client transformation programs.

Artificial intelligence and intelligent automation constitute one of the most significant drivers. Traditional outsourcing models were built to a considerable extent on the ability to scale delivery through people, standardized processes, and geographic labor-cost differences. Generative AI, machine learning, robotic process automation, code-generation tools, AI-enabled testing, and intelligent knowledge systems reduce the dependence of some activities on linear headcount growth. The strategic consequence is not merely higher productivity. The relationship between

labor, revenue, skills, pricing, intellectual property, and client value is being reconsidered. Providers must decide which activities should be automated, which should be augmented, which require high-level human expertise, and how the resulting productivity gains should be incorporated into commercial models.

This creates a second-order strategic problem. If AI reduces the value of routine execution, sustainable competitive advantage increasingly depends on capabilities that are difficult to commoditize: domain knowledge, architecture, consulting, data governance, transformation design, ecosystem integration, responsible AI, and the ability to convert technology into measurable business outcomes. Thus, AI simultaneously threatens parts of the traditional outsourcing model and creates opportunities for strategic repositioning.

Cloud computing and platformization generate another major transformation. Cloud architectures allow companies to scale infrastructure, services, and software more flexibly, but they also increase dependence on ecosystems controlled by hyperscalers and platform owners. International IT outsourcing companies increasingly compete not only through proprietary resources but through the ability to design and orchestrate combinations of external platforms, partner technologies, data assets, industry solutions, and reusable components. Platform strategy therefore becomes inseparable from partnership strategy and ecosystem positioning.

Cybersecurity, trust, privacy, and regulatory complexity are also shifting from operational concerns to strategic determinants. International providers handle sensitive data, critical infrastructure, regulated processes, and cross-border technology environments. Client decisions increasingly depend on trust, regulatory compliance, cyber resilience, data sovereignty, and the governance of AI systems.

These factors influence market access, partnership opportunities, location decisions, investment priorities, and reputation. Consequently, security and governance must be integrated into strategic-management processes rather than treated as isolated control functions.

Client expectations have also changed. In mature outsourcing relationships, clients increasingly demand measurable business outcomes rather than the simple provision of technical capacity. This shifts the provider's role from task execution toward transformation partnership.

Research on digital transformational outsourcing shows that provider performance depends on combinations of consultative, orchestration, insight-generation, network-management, knowledge-access, and standardization capabilities [20]. Such combinations indicate that the strategic problem is configurational: no single capability is sufficient across all forms of transformation.

The cumulative effect of these changes can be expressed as a transition from a relatively stable outsourcing logic toward continuously reconstructed value creation. The firm must manage AI together with talent, cloud together with ecosystem relations, cybersecurity together with trust, consulting together with portfolio restructuring, and geographic diversification together with resilience. The resulting managerial problem is not simply that many strategic initiatives occur at the same time. Rather, changes in one domain alter the requirements imposed on other domains and on the mechanisms through which priorities are interpreted, choices are coordinated, resources are allocated, and strategic learning is organized.

Transformation of strategic management therefore becomes necessary because isolated strategic responses are increasingly insufficient.

This leads to a key proposition for the chapter: the greater the simultaneity and interdependence of technological, market, client, ecosystem, and institutional shifts, the less adequate is a model of strategic management based on periodic adjustment of individual plans. The specific problem of international IT outsourcing companies is therefore one of strategic-management correspondence: the mechanisms of strategizing must be able to match a business model whose value-creation logic is itself being continuously reconstructed.

2. Specific Strategic-Management Problem of International IT Outsourcing Companies

International IT outsourcing companies face a specific strategic-management problem because their business models combine several sources of dynamism that rarely occur together with the same intensity in traditional industrial or service firms. The issue is therefore not merely that these firms provide a convenient empirical setting. Their internationality, knowledge intensity, ecosystem dependence, participation in client transformation, permeable sectoral boundaries, and rapidly changing

business models jointly increase the frequency and interdependence of strategic decisions and create a persistent need to renew the mechanisms through which strategy is formed and implemented.

The first characteristic is internationality. Delivery networks, talent pools, client portfolios, partnerships, technological dependencies, and regulatory exposure are distributed across countries. Strategic decisions therefore have to reconcile global scale with local institutional conditions, different labor markets, data rules, client expectations, and geopolitical risks.

The second characteristic is a digital-service logic of value creation. The core resources of these companies are not limited to physical assets. Competitive advantage depends heavily on knowledge, skills, organizational routines, client-specific experience, access to partner technologies, reusable intellectual property, data, and the ability to integrate external knowledge. This makes the resource base highly dynamic. Competencies can become obsolete rapidly, while new technological domains can become strategically critical within a short period.

The third characteristic is participation in the transformation of client organizations. An international IT outsourcing company does not simply adapt to digital transformation; in many cases it designs and implements digital transformation for others. This creates a dual strategic requirement: the provider must continuously transform its own capabilities while simultaneously commercializing transformation capabilities in client markets. The quality of internal strategic renewal therefore directly influences the credibility and competitiveness of the external value proposition.

The fourth characteristic is the permeability of sectoral boundaries. The distinction between IT outsourcing, technology consulting, engineering, cloud services, managed services, cybersecurity, data analytics, digital platforms, software products, and business-process transformation is becoming less rigid. Providers can compete with consulting firms in one segment, cooperate with hyperscalers in another, acquire product companies in a third, and build proprietary platforms in a fourth. Strategic identity therefore becomes more fluid, and positioning decisions increasingly concern not only market share but the role the company intends to play within a wider ecosystem.

The fifth characteristic is the dynamic nature of the business model. Changes can occur in the value proposition, client role, service portfolio, pricing logic, delivery model, technology architecture, partnerships, intellectual property, monetization of knowledge, and acquisition strategy. Business-model research emphasizes that value creation and value capture mechanisms are central components of strategy and innovation [21; 22]. In IT outsourcing these mechanisms are particularly sensitive to technological change because improvements in automation and platforms can alter both cost structures and the basis on which clients are willing to pay.

A useful way to express the evolving role of the provider is the sequence: resource provider – technology service provider – transformation partner – ecosystem orchestrator. This is not presented as a universal linear path. Different companies may combine these roles, and some may specialize deliberately in particular positions. The sequence instead captures a broad increase in strategic complexity and client integration. As the provider moves closer to transformation partnership and ecosystem orchestration, its ability to sense change, integrate external capabilities, coordinate knowledge, and manage multiple strategic domains becomes more important.

Taken together, these characteristics generate a specific strategic-management problem. International IT outsourcing companies must continuously reconcile rapid technological renewal, changing client value logic, knowledge-intensive capability development, ecosystem dependence, evolving delivery architectures, and fluid strategic positioning.

Consequently, the transformation of strategic management is not merely an observable phenomenon in this class of firms or a methodological reason for selecting them as a sample. It increasingly becomes a mechanism of their strategic development: the way strategy is sensed, interpreted, chosen, coordinated, implemented, reviewed, and renewed must itself evolve when the logic of the business changes.

The earlier empirical research underlying this chapter used a sample of ten international IT outsourcing and adjacent digital-service companies with extended public reporting and dynamic business models [28]. The longitudinal analysis demonstrated changes in value propositions, service portfolios, technological architectures, partnership configurations, delivery models, client roles, and mechanisms of monetizing knowledge. In

the present chapter these changes are treated as domains and manifestations of strategic reconfiguration. They do not automatically prove system-level transformation; such a conclusion requires evidence that the mechanisms and practices of strategic management that coordinate these domains are also being qualitatively reconfigured.

3. Strategic Change and Management Transformation

The distinction between strategic change and transformation of the strategic-management system is central to the conceptual architecture of the study. Strategic change refers primarily to a modification of strategic content: the company may change a market, product, service, technology, organizational structure, partnership, acquisition policy, delivery model, or investment priority. The strategic-management system refers to the interconnected processes, mechanisms, actors, governance arrangements, managerial practices, and information-analytical links through which the company recognizes and interprets environmental change, forms and revises strategic orientations, makes strategic choices, orchestrates resources and capabilities, implements decisions, evaluates results, learns, and reconfigures its strategic response over time.

For analytical purposes, the core of the strategic-management system can be represented as seven recursive functions: strategic sensing; strategic interpretation and sensemaking; strategic choice and strategy formation; resource and capability orchestration; strategy implementation; strategic control and feedback; and strategic learning and reconfiguration. These functions are supported by a strategizing infrastructure that includes strategic actors, decision rights, governance arrangements, routines and practices, information and analytics, and the temporal logic of strategizing – from periodic planning toward more continuous forms of strategic review. The system is recursive rather than linear because implementation outcomes and new environmental signals continuously return to interpretation and choice.

The difference can be illustrated through artificial intelligence. A company can introduce an AI tool for code generation or customer support without changing the core logic of strategic management. This would be an important technological initiative but not necessarily a transformation of the strategic-management system. By contrast, if AI changes the way

the company identifies market opportunities, redesigns its service portfolio, reallocates investment, restructures talent, revises pricing, builds new partnerships, and establishes new governance practices, then the technology becomes part of a broader strategic-management transformation.

The same applies to acquisitions. A single acquisition can be a tactical or strategic decision within a stable management architecture. A sequence of acquisitions that systematically creates new capability domains, changes the portfolio, alters geographic exposure, integrates consulting, and modifies the company's strategic identity may indicate a deeper reconfiguration of the strategic-management system. The analytical task is therefore to identify patterns and interdependencies rather than isolated events.

This distinction also separates the strategic-management system from the domains it strategically reconfigures. Value proposition, business model, service portfolio, global delivery model, technologies, capabilities, organizational architecture, talent, client relationships, and ecosystem partnerships are not identical to the strategic-management system. They are objects of strategic intervention and domains in which strategic reconfiguration becomes observable. Four analytical dimensions therefore need to be distinguished: the content dimension (what strategic domains are changing); the process dimension (how strategic issues are identified, interpreted, decided, and implemented); the practice dimension (which actors, routines, tools, narratives, and governance mechanisms enact strategy); and the configuration dimension (how changes in these mechanisms and domains interact over time).

The distinction between transformation and economic outcomes is equally important. In strategic-management research, there is a persistent temptation to infer the quality of transformation from performance. Yet performance is influenced by multiple factors including market cycles, exchange rates, client concentration, macroeconomic conditions, acquisitions, accounting choices, and temporary demand shocks. Strategic-management transformation may contribute to performance, but the relationship is mediated and time-dependent.

For this reason the logic of the underlying dissertation research separates the intensity and configuration of transformation from the results of economic dynamics. The economic regime is treated as a contextual and outcome dimension rather than as the transformation itself. Such separation

makes it possible to ask a more meaningful question: under which economic regimes are particular configurations, intensities, and phases of strategic-management transformation observed? This is methodologically stronger than defining transformation retrospectively as whatever precedes strong financial performance.

The analytical logic can therefore be summarized as follows: environmental change alters the conditions of business and value creation; the strategic-management system interprets that pressure and produces strategic choices; those choices are implemented through changes in resources, capabilities, structures, practices, and strategic domains; repeated and interdependent changes become visible as transformation contours and configurations; and the resulting transformation may influence adaptability, resilience, and economic outcomes. Importantly, no single change in a domain is sufficient evidence of system transformation. The research task is to establish when changes in the mechanisms of strategizing and changes in strategic domains become mutually reinforcing and qualitatively alter the way the firm forms and implements strategy.

Strategic-management transformation is therefore defined here as a qualitative reconfiguration of the interconnected processes, mechanisms, actors, governance arrangements, managerial practices, decision-making routines, feedback mechanisms, and learning/reconfiguration processes through which strategy is interpreted, formulated, implemented, coordinated, evaluated, and renewed. This transformation becomes observable through strategic reconfiguration of business models, capabilities, service portfolios, delivery architectures, technologies, talent systems, client relationships, and ecosystem positions. The distinction is important: the first layer describes the transformation of the strategic-management system itself, while the second describes the domains in which the consequences and manifestations of that transformation can be empirically traced.

4. Complementary Theoretical Perspectives and the Identified Gap

The complexity of strategic-management transformation requires several theoretical perspectives, but their combination should not be treated as the construction of a single meta-theory. Dynamic Capabilities, Strategy-as-Practice, and the configurational approach illuminate different analytical levels of the same phenomenon: the capacity to sense and reconfigure, the

actors and practices through which strategizing is enacted, and the causal complexity created by interdependent configurations of change. Their role in this chapter is therefore complementary rather than substitutive or theoretically merged.

The two-stage Scopus-oriented review was designed to test whether provider-level transformation is already explained by one established integrative construct. The initial theory-driven search produced 38 documents because candidate constructs were explicitly included in the query. The subsequent theory-neutral search produced 230 records and allowed the theoretical language of the field to emerge without forcing a particular lens. Within this broader corpus, adaptation-related phenomena were widespread, but the exact label "strategic adaptation" did not emerge as a dominant provider-level construct, while "dynamic capabilities" appeared directly in only a limited subset of records. A focused review of 15 provider-level studies showed that the field relies on several partially overlapping explanatory traditions rather than on one dominant framework.

Provider-level studies illustrate this fragmentation. Dynamic-capability research explains reconfiguration of capabilities, coordination, and performance in offshore IT services [33; 34]. Organizational ambidexterity explains how vendors combine exploitation of existing business with exploration and development of new capabilities [31; 32]. Global value-chain and upgrading research explains movement from lower-value outsourcing toward higher-value solutions and new positions in the value chain [38; 39]. Business-model research captures simultaneous changes in service, technology, organization, and finance under cloud transformation [40]. Strategic-change and internationalization cases show multi-project transformation waves, capability building, and interaction among strategic processes [35; 36; 37]. These studies provide substantial explanatory value, but they usually focus on a particular mechanism, trajectory, or domain of change.

The theoretical gap identified for the present study is therefore not the absence of knowledge about adaptation, capabilities, business models, upgrading, or strategic change. The gap lies in the limited system-level conceptualization of how multiple strategic responses become interdependent and, under certain conditions, constitute a transformation of the strategic-management system itself. The proposed contribution

is accordingly system-configurational: it seeks to represent strategically meaningful changes not as an unstructured collection of initiatives and not as a merger of existing theories, but as mutually related manifestations of a changing architecture of strategizing. This creates a theoretical basis for distinguishing manifestations, configurations, intensity, phases, and resulting states of transformation.

Dynamic Capabilities provide the first complementary perspective. Teece, Pisano, and Shuen argued that in rapidly changing environments competitive advantage depends not only on possession of resources but on the ability to integrate, build, and reconfigure internal and external competencies [1]. Teece later developed this logic through the microfoundations of sensing, seizing, and transforming [2]. Eisenhardt and Martin emphasized recognizable organizational processes through which firms integrate and reconfigure resources [3], while Winter distinguished higher-order capabilities from ordinary operating capabilities [4]. These contributions are highly relevant because they explain the capacity for strategic renewal, but they do not by themselves define the complete architecture of a strategic-management system.

For international IT outsourcing companies, sensing includes monitoring technological discontinuities, changes in client demand, emerging regulatory requirements, competitive moves, labor-market shifts, ecosystem developments, and geopolitical risks. Because the industry is knowledge-intensive, sensing also requires the ability to understand which technological changes are commercially meaningful rather than merely fashionable. Strategic sensing therefore combines market intelligence, technology scanning, client interaction, partner information, and internal knowledge.

Transforming concerns the reconfiguration needed to make strategic choices operational. In an IT outsourcing company this can include changing organizational structures, integrating acquisitions, reskilling employees, closing obsolete capabilities, reorganizing delivery locations, redesigning performance systems, changing client engagement models, and institutionalizing new governance mechanisms. These are strategically important domains and manifestations of reconfiguration. Dynamic Capabilities help explain the organizational capacity that enables such renewal, while the present study separately asks how the mechanisms of

strategic interpretation, choice, coordination, implementation, feedback, and learning are themselves transformed.

Strategy-as-Practice provides the second complementary perspective. Whittington shifted attention toward strategy as something organizational actors do rather than only something organizations possess [7]. Jarzabkowski developed an activity-based perspective, while later research emphasized the interaction among practitioners, practices, and praxis [8; 9; 10]. This approach is essential because transformation of strategic management does not occur at an abstract corporate level. It is enacted through meetings, decisions, planning routines, investment committees, portfolio reviews, narratives, analytical tools, performance systems, leadership communication, and everyday managerial activity. It therefore helps operationalize the process and practice dimensions of the strategic-management system.

The configurational approach provides the third complementary perspective. Meyer, Tsui, and Hinings argued for the analysis of organizational configurations rather than isolated variables [11]. Fiss subsequently developed set-theoretic logic for studying causal complexity and combinations of conditions [12]. Miller emphasized the importance of coherent configurations in organizational analysis [13]. For strategic-management transformation, this perspective is critical because the meaning and effect of a change depend on the other changes with which it is combined. Configuration therefore provides the analytical bridge from fragmented strategic responses toward system-level patterns without requiring the underlying theoretical traditions to be collapsed into one meta-theory.

For example, an AI initiative connected with proprietary platforms, data capabilities, consulting expertise, and client transformation programs represents a different strategic configuration from AI used mainly for internal productivity. Similarly, a cloud strategy connected with ecosystem partnerships, reusable assets, security, and industry solutions differs from a cloud initiative treated primarily as infrastructure migration. The same element can therefore have different strategic meanings in different configurations.

The configurational approach also supports the principle of equifinality: different combinations of capabilities and strategic domains can lead to

similar outcomes. This is important for international IT outsourcing because firms differ in history, client portfolio, geographic footprint, technological heritage, acquisition strategy, and organizational identity. There is little reason to expect one universal transformation path.

Taken together, these perspectives support a layered analytical sequence rather than a unified meta-theory: environmental signals are sensed and interpreted; strategic choices are formulated and enacted through actors and practices; resources and capabilities are orchestrated; strategic decisions are implemented and reviewed; changes become visible across multiple strategic domains; and interdependent changes form company-specific configurations that evolve through phases. Dynamic Capabilities illuminate the capacity for renewal, Strategy-as-Practice illuminates the enactment of strategizing, and the configurational approach explains how multiple changes combine. The object that connects these levels is the strategic-management system and its transformation.

5. Domains of Strategic Reconfiguration: Multi-Contour Architecture

The multi-contour architecture is used here to operationalize the domains in which strategic reconfiguration becomes observable. It should not be interpreted as a list of components of the strategic-management system itself. A contour represents a relatively stable analytical domain in which repeated strategic indicators can be grouped because they reflect a coherent direction of change in what the company does, how it creates value, or how it configures resources and relationships. The strategic-management system, by contrast, concerns how these changes are sensed, interpreted, chosen, coordinated, implemented, governed, evaluated, and renewed. The distinction between system and domains allows the empirical model to capture what is changing without equating every business-domain change with transformation of strategic management.

The empirical work underlying this chapter identified nine contours of strategic reconfiguration within international IT outsourcing companies [28].

The first is strategic repositioning. This contour captures changes in the desired competitive role of the company: for example, movement from execution toward transformation partnership, from generalized technology services toward industry specialization, or from labor-based outsourcing

toward higher-value knowledge and consulting activities. Strategic repositioning changes how the company defines its relevance to clients and competitors and therefore represents an observable domain through which strategic-management choices are expressed.

The second contour is service-portfolio restructuring. It reflects changes in the composition of services and in the logic through which capabilities are monetized. Traditional application development and maintenance can be complemented or partially displaced by cloud transformation, cybersecurity, data, AI, engineering, managed services, platform services, and consulting. Portfolio restructuring is strategically significant because it changes revenue architecture, talent requirements, investment priorities, and market positioning simultaneously.

The third contour is platform-cloud architecture. It captures the growing role of cloud ecosystems, reusable platforms, proprietary solutions, cloud-native delivery, partner technologies, and scalable digital infrastructure. This contour is not simply technical because platform choices influence partnerships, client lock-in, intellectual property, margins, service standardization, and the provider's place in wider technological ecosystems.

The fourth contour is artificial intelligence, data, and automation. It includes AI-enabled services, data platforms, generative AI, advanced analytics, automation of delivery, internal productivity systems, and AI-supported decision making. Its strategic relevance lies in the possibility of changing both the cost structure of the provider and the nature of client value. The contour therefore connects operational efficiency with innovation, knowledge management, talent transformation, and new business models.

The fifth contour is consulting-led transformation. It reflects the provider's movement toward problem definition, transformation design, domain consulting, architecture decisions, change management, and business-outcome responsibility. This contour changes the relationship with the client because the provider participates earlier in the strategic decision cycle and potentially captures a larger share of value. It also demands different skills, organizational status, and commercial models than traditional delivery-oriented outsourcing.

The sixth contour is ecosystem orchestration. Modern digital solutions often require combinations of hyperscaler platforms, software products, cybersecurity tools, data services, specialist vendors, startups, and client-

specific assets. The ability to assemble and coordinate these resources becomes a strategic capability in its own right. Ecosystem orchestration therefore concerns partner strategy, alliance management, co-innovation, access to external knowledge, and the governance of interdependence.

The seventh contour is trust, security, and governance. As providers become involved in critical processes, data, and AI systems, trust becomes part of the value proposition. Cybersecurity, privacy, regulatory compliance, data governance, responsible AI, intellectual-property protection, and auditability influence both client retention and market access. This contour demonstrates that risk-management mechanisms can become strategic rather than merely defensive.

The eighth contour is infrastructure resilience. International delivery networks must maintain service continuity under cyber incidents, geopolitical disruption, natural disasters, infrastructure failures, labor-market shocks, and other systemic risks. Resilience therefore concerns not only redundancy but the design of distributed operating models, location portfolios, business continuity, crisis governance, and the ability to reconfigure delivery while maintaining critical functions.

The ninth contour is the future-technology trajectory. Long-term competitiveness depends on the systematic exploration of emerging technologies and the organizational mechanisms through which experimentation becomes institutionalized learning. This contour includes technology scanning, pilots, innovation labs, partnerships, research initiatives, and the selective transition from exploration to scalable commercial offerings. Its importance lies in preventing strategic renewal from being purely reactive.

The existence of multiple contours creates a complex analytical problem. Their intensity is unlikely to be identical in the same period. A company can intensify AI investment while slowing acquisitions; strengthen consulting while consolidating cloud platforms; emphasize resilience after a systemic shock; or shift strategic attention from geographic expansion toward ecosystem partnerships. Transformation therefore involves changes not only in overall activity but also in the relative structure of strategic attention.

The conceptual importance of this approach is that it separates quantity of change from quality of configuration. A company may initiate many strategic projects but fail to integrate them. High activity can create

organizational overload, contradictory priorities, duplicated investments, unclear accountability, and fragmented client propositions. In such a case transformation intensity is high but strategic coherence is weak.

Conversely, a company may show moderate visible activity while systematically strengthening a complementary set of capabilities. For example, consulting, industry expertise, AI, data, and ecosystem partnerships may reinforce one another and produce a coherent shift toward high-value transformation services. The strategic effect can therefore be stronger than the number of initiatives suggests.

For the dissertation logic, the multi-contour architecture provides a bridge between qualitative evidence and comparative analysis. Strategic indicators derived from corporate discourse can be grouped into domains of strategic reconfiguration, while index measures can assess changes in their intensity and structure. The separate conceptualization of the strategic-management system makes it possible to ask a stronger question than whether many changes occurred: did the mechanisms and practices of strategizing also change, and did those system-level changes produce a coherent configuration across the observed domains? Economic dynamics can then be analyzed separately to determine how different transformation configurations correspond to different regimes of corporate development. The present chapter extends this logic by asking how system-level coherence and domain-level reconfiguration may contribute to adaptability, resilience, and sustainable development.

6. Sustainable Development Implications

The title of this chapter places strategic-management transformation in the context of sustainable development. To preserve conceptual rigor, however, sustainable development should not be treated as another name for transformation. The relationship is indirect and conditional. Strategic-management transformation can strengthen the organizational capacity to pursue sustainable long-term development, but the existence of transformation does not prove that sustainable development has been achieved.

This distinction is particularly important because sustainability has several dimensions. In a broad corporate sense, sustainable development concerns long-term economic viability, responsible use and renewal of

resources, social and human-capital continuity, technological reliability, institutional legitimacy, governance, environmental responsibility, and the ability to create value for stakeholders over time. A strategic-management system influences all of these dimensions because it determines how priorities are selected, how trade-offs are managed, and how capabilities are renewed.

Dynamic capabilities research provides a useful starting point. Teece's concept of sustainable enterprise performance emphasizes the importance of sensing, seizing, and transforming under changing conditions [2]. The implication is not that continuous change is inherently sustainable but that the capacity to renew the resource base is necessary when environmental change makes existing configurations obsolete. For international IT outsourcing companies, technological obsolescence can occur quickly enough that strategic rigidity itself becomes a source of sustainability risk.

The first link between strategic-management transformation and sustainable development is economic adaptability. A provider that can renew its value proposition, service portfolio, pricing models, and technological capabilities before existing services become commoditized is better positioned to maintain long-term economic viability. This does not imply permanent growth. It means preserving the ability to create economically relevant value as the basis of competition changes.

The second link is organizational adaptability. Sustainable development requires organizations to renew routines and structures without repeatedly destroying accumulated knowledge. The strategic-management system must therefore support organizational learning, experimentation, internal mobility, selective standardization, and the integration of acquired or external capabilities. A company that changes technologies without changing learning mechanisms may accumulate tools without developing adaptive capacity.

The third link is human-capital sustainability. AI and automation can increase productivity but can also accelerate skills obsolescence and create uncertainty for employees. Strategic transformation that treats talent exclusively as a cost variable may improve short-term margins while weakening future capabilities. By contrast, systematic reskilling, capability mapping, knowledge transfer, and development of advanced professional

roles can align technological transformation with long-term human-capital renewal.

The fourth link is resilience. Traditional resilience is sometimes understood as the capacity to return to a previous state after disruption. In a highly dynamic digital environment, restoration of the previous state may be strategically insufficient. Transformational resilience involves maintaining critical functions while adapting toward a new viable configuration. This is particularly important for international providers exposed to cyber incidents, geopolitical shocks, infrastructure disruption, regulatory fragmentation, and sudden shifts in client demand.

The fifth link is institutional and ecosystem sustainability. International IT outsourcing companies depend on partners, technology platforms, universities, labor markets, clients, regulators, infrastructure providers, and local communities. Strategic decisions that maximize short-term extraction from one part of this ecosystem can weaken long-term viability. Ecosystem orchestration therefore requires not only access to external capabilities but also governance of interdependence, trust, and mutual value creation.

These relationships suggest that sustainable development is better viewed as a cross-cutting criterion for evaluating the viability of a transformation configuration rather than as a separate transformation contour. A provider may reconfigure AI, cloud, consulting, security, ecosystem, talent, and delivery domains simultaneously, but the strategic question is whether the resulting configuration - together with the management mechanisms that coordinate it - strengthens the company's capacity to create value responsibly and remain viable under future change.

The chapter therefore proposes the following conceptual relationship: global transformations increase strategic uncertainty; strategic-management transformation provides mechanisms for sensing and coordinated reconfiguration; coherent transformation configurations strengthen strategic adaptability and resilience; and adaptability and resilience increase the organization's capacity for sustainable long-term development. This is a probabilistic and mediated relationship, not a deterministic one.

Accordingly, the central proposition of the chapter is that for international IT outsourcing companies sustainable development increasingly depends not on the stability of a particular strategy but on the ability of the strategic-management system to govern continuous and coherent reconfiguration.

The system itself must renew the processes and practices through which strategic signals are interpreted, choices are made, resources are orchestrated, actions are coordinated, and learning is institutionalized, while the consequences of those choices become visible in changing capabilities, business models, technologies, organizational arrangements, and interorganizational relationships.

7. Discussion and Research Propositions

The proposed framework has several implications for the broader study of strategic management and for the dissertation research on international IT outsourcing companies. The first concerns the theoretical unit of explanation. The Scopus review indicates that provider-level change is well represented through separate lenses – dynamic capabilities, ambidexterity, upgrading, business-model transformation, routines, and strategic-change cases – but much less clearly through an integrative system-level account. The present framework therefore integrates the phenomenon rather than the theories: it treats changes explained by different lenses as potentially interdependent manifestations of transformation of the strategic-management system, while preserving the distinct explanatory role of each theoretical perspective.

The second implication concerns the empirical unit of analysis. Outsourcing research has traditionally generated valuable knowledge at the level of sourcing decisions, contracts, projects, clients, and client-provider dyads [18; 19]. These levels remain important, but a longitudinal company-level perspective is required when the research question concerns transformation of strategic management. The same provider simultaneously manages multiple clients, technologies, geographies, service lines, partnerships, and capability domains; system-level transformation emerges from their interaction across time and from the changing mechanisms through which those interactions are strategically coordinated.

The third implication concerns measurement. Transformation of strategic management should not be inferred from a single indicator such as digital investment, acquisition activity, number of AI initiatives, or revenue growth. Measurement should distinguish at least two analytical layers: changes in the mechanisms and practices of the strategic-management system, and changes in the domains that the system strategically reconfigures. The multi-contour perspective is particularly useful for the second layer

because it makes it possible to distinguish intensity, structural shift, breadth, balance, and phase, while process- and practice-level evidence is needed to substantiate system transformation.

The fourth implication concerns causal complexity. Different companies can develop comparable adaptability through different configurations. A consulting-intensive provider may combine industry knowledge, AI, data, and ecosystem capabilities. Another provider may emphasize platforms, managed services, cybersecurity, and recurring revenue. A third may rely more strongly on engineering expertise, geographic delivery diversification, and specialized technology partnerships. The possibility of equifinality means that research should avoid assuming one universally optimal transformation path and should instead examine whether different domain configurations are supported by coherent strategic-management mechanisms.

The fifth implication concerns timing. Transformation and performance may not move synchronously. Investments in new capabilities can reduce margins before they generate revenue; acquisitions can create integration costs before producing portfolio benefits; talent reskilling can increase expenses before improving productivity. Conversely, a company can maintain strong short-term performance by exploiting mature capabilities while underinvesting in future renewal. Longitudinal analysis is therefore essential, and economic dynamics should remain analytically distinct from the transformation process itself.

The sixth implication concerns the difference between transformation intensity and transformation quality. High intensity may signal decisive adaptation, but it can also indicate turbulence, strategic overextension, or an attempt to compensate for previous inaction. Transformation quality depends not only on the amount of change across domains but on complementarity, sequencing, resource capacity, governance, feedback, learning, and alignment with environmental conditions. This distinction is particularly important for a system-configurational interpretation because a high number of initiatives does not necessarily indicate that the strategic-management system has been coherently transformed.

The seventh implication concerns sustainable development. If sustainability is treated as a broader outcome rather than as a direct measure of transformation, the research can investigate mediating

mechanisms. Strategic adaptability and resilience are promising candidates because they explain how a reconfigured strategic-management system can influence long-term viability. Human-capital renewal, governance quality, technological resilience, ecosystem position, and resource productivity may also act as mediators or moderators.

Based on the theoretical synthesis, several propositions can guide further empirical research.

Proposition 1: higher environmental turbulence and stronger interdependence among external changes increase the need for transformation of the strategic-management system rather than isolated strategic adjustments.

Proposition 2: system-level transformation is more likely when changes in strategic sensing, decision-making, resource orchestration, implementation, governance, feedback, and learning co-evolve with complementary changes in the domains of strategic reconfiguration.

Proposition 3: configuration coherence and complementarity between strategic-management mechanisms and reconfiguration domains are more important for long-term adaptability than transformation intensity considered independently.

Proposition 4: economic performance regimes and strategic-management transformation profiles are analytically distinct dimensions whose combinations generate different corporate development trajectories.

Proposition 5: strategic adaptability and organizational resilience mediate the relationship between coherent transformation of the strategic-management system and sustainable development.

These propositions can be tested using a combination of longitudinal content analysis, index-based measurement, company financial and structural data, and configurational methods. Corporate annual reports provide a useful longitudinal source because they contain repeated, institutionally significant strategic communication and allow comparison across companies and years. However, they should be complemented where possible by investor presentations, integrated reports, ESG reports, acquisition disclosures, strategic announcements, and other public sources. Corporate texts are evidence of strategic articulation rather than a complete record of internal strategizing, so triangulation remains important [23; 24].

The proposed framework strengthens the causal logic of the analysis: changes in the environment and value-creation logic of international IT outsourcing companies generate a specific strategic-management problem; this problem requires transformation of the mechanisms through which strategy is formed and implemented; and the consequences of that transformation become observable through configurations of strategic reconfiguration domains.

The framework preserves transformation of strategic management as the central research phenomenon, treats economic dynamics as analytically distinct, and positions sustainable development as a broader but strategically important implication.

CONCLUSIONS

The study confirms that global technological, market, organizational, and institutional transformations change not only the competitive environment of international IT outsourcing companies but also the logic through which these firms create value and, consequently, the requirements imposed on the system through which strategy is interpreted, formed, implemented, evaluated, and renewed. The central problem is therefore not that IT outsourcing companies are simply a convenient empirical setting for studying a general transformation phenomenon. Their business characteristics generate a specific strategic-management problem: the traditional mechanisms of strategic management increasingly have to be reconfigured to remain aligned with a continuously changing business model and value-creation architecture.

Artificial intelligence, cloud computing, platformization, data-driven management, cybersecurity, ecosystem competition, talent transformation, geopolitical fragmentation, and changing client expectations interact with one another and create a strategic environment in which periodic adjustment of individual plans is increasingly insufficient. The strategic-management system must develop the capacity for continuous interpretation, prioritization, coordination, and reconfiguration.

International IT outsourcing companies are therefore theoretically significant because the need for strategic-management transformation is endogenous to the changing logic of their business.

International delivery networks, a knowledge-intensive resource base, dependence on technological ecosystems, participation in client transformation programs, dynamic business models, and rapidly changing service portfolios make strategic reconfiguration both necessary and empirically observable. These conditions allow the research to examine how the mechanisms of strategizing change in response to a specific class-level managerial problem rather than to use the sector merely as a convenient sample.

A fundamental conclusion of the chapter is the need to distinguish transformation of the strategic-management system from individual strategic changes. The introduction of AI, a cloud platform, an acquisition, a new geography, or a partnership can be strategically important without necessarily transforming the strategic-management system. Transformation concerns a deeper reconfiguration of how strategic signals are sensed and interpreted, how choices are formulated, how resources are orchestrated, how actions are coordinated and implemented, and how feedback and learning reshape subsequent strategic decisions. This distinction protects the research from equating visible activity in business domains with system-level transformation.

The study also confirms the need to distinguish transformation from economic performance. Revenue, profitability, productivity, diversification, and other economic indicators can be outcomes or contextual characteristics, but they should not be used as direct substitutes for transformation. Keeping these dimensions separate creates the possibility of identifying how different transformation configurations and phases correspond to different economic regimes. It also prevents the retrospective definition of successful transformation as any change followed by strong financial results.

The theoretical review further shows that the relevant research field is fragmented rather than empty. Dynamic Capabilities, Strategy-as-Practice, organizational ambidexterity, upgrading approaches, business-model research, and strategic-change studies explain important parts of provider transformation, but no single dominant integrative construct emerged from the reviewed corpus that represents them as mutually dependent manifestations of transformation of the strategic-management system. Dynamic Capabilities, Strategy-as-Practice, and the configurational

approach are therefore used here as complementary perspectives on different analytical levels, not as a newly merged meta-theory.

The multi-contour architecture developed in the underlying research provides a structured way to operationalize domains and observable manifestations of strategic reconfiguration. Strategic repositioning, service-portfolio restructuring, platform-cloud architecture, artificial intelligence/data/automation, consulting-led transformation, ecosystem orchestration, trust/security/governance, infrastructure resilience, and future-technology trajectories are not treated as the strategic-management system itself. Their analytical value lies in showing what is being reconfigured, while process- and practice-level analysis is needed to establish whether the mechanisms of strategizing have also been transformed. This distinction enables the research to examine intensity, breadth, structural shift, balance, phase, and resulting state without collapsing business-domain change into system transformation.

An important conclusion follows from the distinction between transformation intensity and transformation quality. A large number of initiatives or a high level of strategic activity does not automatically indicate a strong transformation. Intensive change can be fragmented, poorly sequenced, inconsistent with resources, or internally contradictory. Conversely, a more moderate transformation can be strategically powerful when complementary contours reinforce one another. The relevant capability is therefore controlled reconfigurability – the ability to change the strategic architecture intentionally without destroying coherence.

The relationship between strategic-management transformation and sustainable development should be interpreted through this logic. Sustainable development is not identical to transformation and should not be treated as one more transformation contour. It is a broader outcome that depends on economic viability, organizational learning, technological reliability, human-capital renewal, governance, resilience, environmental responsibility, and stakeholder relationships. Strategic-management transformation can support these conditions by strengthening the company's ability to adapt and renew itself, but the relationship is conditional rather than automatic.

Strategic adaptability and resilience form the conceptual bridge between transformation and sustainable development. Adaptability enables the

organization to interpret structural shifts, select appropriate responses, and reconfigure capabilities. Resilience enables it to preserve critical functions and value creation while undergoing change. In a rapidly changing digital economy, resilience should not be reduced to returning to a previous state; it also includes the capacity to move toward a new viable configuration when the old one is no longer sustainable.

The central conclusion can therefore be formulated as follows: for international IT outsourcing companies, sustainable development increasingly depends not on the stability of a particular strategy but on the ability of the strategic-management system to govern continuous and coherent reconfiguration while preserving strategic coherence and long-term value-creation capacity. This means not only changing capabilities, technologies, services, and relationships, but also renewing the mechanisms through which environmental change is interpreted, strategic choices are made, resources are orchestrated, actions are coordinated, and learning is institutionalized.

The chapter makes four main contributions. It identifies a specific strategic-management problem faced by international IT outsourcing companies, distinguishes transformation of the strategic-management system from changes in individual business domains and economic outcomes, reveals a fragmented theoretical field that supports a system-configurational perspective, and interprets the multi-contour model as a set of observable strategic reconfiguration domains linked to adaptability, resilience, and sustainable development.

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