Chapter I
The Current State of Information Technology Governance Literature

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ABSTRACT

This chapter introduces current and prior IT governance literature across five key focus areas being strategic alignment of business and IT systems, delivery of value from IT systems, risk management of IT systems, management of IT resources and measurement of the performance of IT systems. The chapter focuses on synthesising the current literature on ITG to achieve three primary objectives. First, the review presents a detailed overview of research across the key focus areas of ITG. Second, the synthesis of the literature identifies important gaps in ITG research. Third, the review aims to guide future thinking and research on ITG in each of the focus areas. This chapter will provide a comprehensive understanding of the current state of IT governance literature.

INTRODUCTION

The research literature on information technology governance (ITG) is diverse and expansive, emanating from business, organizational, and information technology research paradigms. This chapter focuses on synthesising the current literature on ITG to achieve three primary objectives. First, the review presents a detailed overview of research on the key focus areas of ITG. Second,

the synthesis of the literature identifies important gaps in ITG research. Third, the review aims to guide future thinking and research on ITG.

The review of ITG literature has been organized using the five key components (focus areas) identified by the IT Governance Institute (ITGI). The focus areas are strategic alignment of business and IT systems, delivery of value from IT systems, risk management of IT systems, management of IT resources and measurement of the performance of IT systems (ITGI, 2003).

Our motivation for this review of the ITG literature stems from the growing dependency of organizations on IT resources (ITGI, 2006c) and their increasing need to better manage/govern these significant IT investments (ITGI, 2007). There is an increasing call worldwide for boards of directors and governing bodies to take responsibility for the governance of IT assets (ITGI, 2003; Trites, 2003) in much the same way as they govern an organization's financial and reporting processes. ITG has become more prominent worldwide in the past few years as organizations in the United States must now monitor ITG as part of their compliance with the provisions of the Sarbanes-Oxley Act (2002).

IT GOVERNANCE DEFINITION

IT governance is recognized as an integral part of enterprise governance. It "consists of the leadership and organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategies and objectives" (ITGI, 2003, p.10). The ITGI further defines ITG as "the management process which ensures delivery of the expected benefits of IT in a controlled way to enhance the long-term success of the enterprise" (ITGI, 2000, p.27). Broadbent (2003c, p.1) considers that "IT governance is about who is entitled to make major decisions, who has input and who is accountable for implementing those decisions. It is not synonymous with IT

management. IT governance is about decision rights, whereas IT management is about making and implementing specific IT decisions". Weill (2004, p.3) defines ITG as "specifying the framework for decision rights and accountabilities to encourage desirable behaviour in the use of IT". These definitions indicate that ITG is intended to ensure that the organization and its board of directors or governing body are conscious of managing its IT investment responsibly, efficiently, and effectively.

IT GOVERNANCE STANDARDS

The release of a voluntary Australian Standard AS8015-2005 "Corporate Governance of Information and Communication Technology" by Standards Australia (2005) has emphasized the importance of ITG for Australian organizations. Further, there are a number of international standards which are relevant to ITG. The International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) released ISO/IEC 27001 and 27002 on information security in 2005 (ISO/IEC, 2005a; ISO/IEC 2005b). These standards aim to provide clear guidelines of best practice on information security management across 12 key sections and replace prior standards on this issue. Standard ISO/IEC 12207 on the software life cycle processes, which was amended in December 2004, is also relevant to ITG of organizations. This standard establishes processes and activities applicable to the acquisition and configuration of software services (ISO/IEC, 2004a). The international standard on Software Process Improvement and Capability Determination (SPICE) ISO/IEC 15504 assists organizations to assess their overall capabilities for delivering software (ISO/IEC, 2004b).

There are several frameworks designed to provide guidance on the implementation and management of ITG. The Information Technology Infrastructure Library (ITIL) is a framework

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