

Chapter XVIII

Applying Organizational Theories to Realize Adaptive IT Governance and Service Management

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ABSTRACT

With the cost, complexity and risk associated with IT systems, the approach to IT governance and service management in many organizations is to centralize and standardize. Often executives pursue a generic approach to the management of information technology, without consideration of their organizational context. This chapter examines the adaptation of IT governance arrangements through the lens of organizational theory. It uses concepts from systems theory, differentiation, value chains and structural contingency theory to give an appreciation of the factors that influence how IT can best support an organization's business.

INTRODUCTION

The articulation of processes for the control of IT services in standards (such as AS 8015 and AS ISO/IEC 20000) over the past decade has established a common integrated framework for the

management of IT assets and the efficient delivery of services, regardless of the sector in which the organization operates. Many organizations are adopting such standards in pursuit of potential improvements in the quality of an organization's information systems; however the prescription of

these standards needs to be in the context of the organization: what works well in one environment may need to be modified in others.

As will be explained in this chapter, there is evidence that many implementations of IT governance and service management have focused internally on the IT function and have been driven by a rationalist approach to consolidating and standardising resources. While this may be a reasonable strategy in certain situations (when there are clear inefficiencies or barriers to interoperability in the way that the organization has managed IT), focusing only on consolidation can detract from the organization's effective use of technology. The adoption of IT governance and service management process frameworks in many organizations often occurs within a shift towards centralisation and a reduction in business-IT alignment (Dowse & Lewis, 2006).

The organizational science literature is relevant to the consideration of appropriate IT management arrangements, in the same way that an organization's structure can be modified to suit its environment. Applying environmental contexts to IT management arrangements in this way is

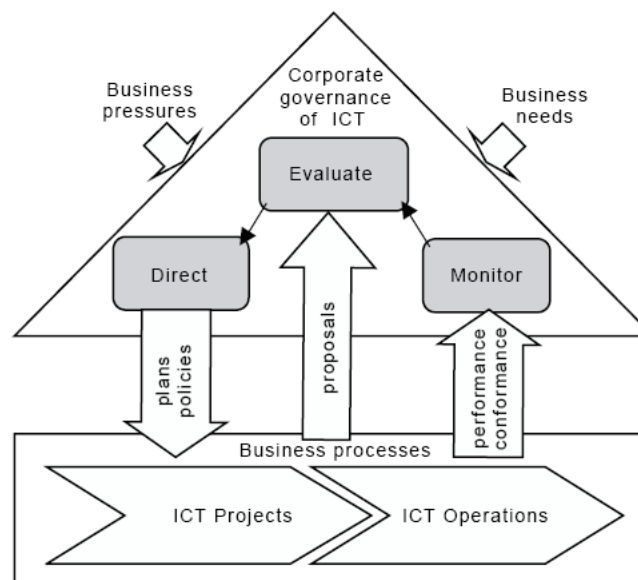
not new. Several noted researchers have applied contingency approaches to IT governance in assessing situations in which centralized, federal or decentralized modes may be preferred (Peterson, O'Callaghan & Ribbers, 2000; Peterson, Parker & Ribbers, 2002; Sambamurthy & Zmud, 1999).

The purpose of this chapter is to help business and information managers to adapt IT management arrangements to suit the organizational context by examining the issues associated with alignment of IT governance and service management, identifying contingencies and developing a framework. We will begin by examining the requirements for IT governance, then consider the organization as a system and look at competing needs for integration and differentiation within the organization. The emerging concept of information systems as a contributor of value will also be discussed before developing the framework.

THE RISE OF IT GOVERNANCE

Governance is concerned with the effective, efficient and acceptable use of an organization's

Figure 1. Model for IT governance (from AS 8015)



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