

Chapter IV

Adoption and Implementation of IT Governance: Cases from Australian Higher Education

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ABSTRACT

This chapter introduces key IT governance concepts and industry standards and explores their adoption and implementation in the higher education environment. It shows that IT governance processes, structures and relational mechanisms adopted by these institutions generate value through improvements in a number of key focus areas for IT management. It is hoped that the study will inform both practitioners and researchers and lead to a better understanding of the relationship between IT governance structures, processes and relational mechanisms and business benefits.

INTRODUCTION

Over the past decade, IS/IT governance has become a key issue of concern for senior IT decision makers around the world. The underlying goals for adopting formal IT governance practices are improvement of business performance and conformance with regulations. This exploratory study

examines how IT governance is implemented in two Australian institutions through a number of structures, processes, and relational mechanisms and how industry best practice frameworks such as COBIT, ITIL, ISO17799 and ISO/IEC20000 have been utilized in the implementation. The study reveals a number of important findings in the context of the implementation of IT gover-

nance in the higher education environment. The relationship between IT governance adoption and implementation and business benefit issues will also be discussed in the chapter. The next few sections of this chapter contains a detailed literature review regarding IT governance, and the important IT related issues in the Australian higher education sector. This is followed by a discussion of the research questions and methodology and then the case study institutions are described. Finally, the findings from the study are presented and the conclusions and directions for future work are discussed.

BACKGROUND

Corporate and IT Governance

Corporate governance has become increasingly important worldwide, especially in the wake of the Enron and MCI WorldCom incidents in the US. The Australian Stock Exchange Corporate Governance Council defines corporate governance as “... *the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised*” (ASX, 2003). IT governance has increasingly become a key area of concern under the umbrella of corporate governance because of the pervasive influence of information systems and the associated technology infrastructure in every area of an organization’s activities. The IT Governance Institute describes IT governance as being an integral part of the corporate governance which consists of “the leadership and organizational structures and processes that ensure an organization’s IT sustains and extends the organization’s strategy and objectives” (ITGI, 2003).

Previous Research in IT Governance Implementation

The term IT governance, started to appear in the research literature towards the late 1990’s, with its main proponent being the IT Governance Research Institute (De Haes & Van Grembergen, 2005). Recent surveys suggest that the need to implement and improve IT governance has been receiving growing recognition amongst senior IT management across the world. A survey of top 10 priorities for senior IT management by Gartner Inc. in 2003, found the need for improving IT governance to be included in the list for the first time (De Haes & Van Grembergen, 2004). Surveys of members of the Society of Information Management (SIM) in 2003, 2004 and 2005 also revealed that IT governance was amongst the top ten concerns of IT executives (Luftman, 2005; Luftman, Kempaiah & Nash, 2006). However, implementing IT governance can be an extremely complex undertaking (Brown, 1997; De Haes & Van Grembergen, 2004; Duffy, 2002; Marshall & McKay, 2003; Sambamurthy & Zmud, 1999; Weill & Ross, 2005). In 2003, a survey conducted by the IT Governance Institute through PricewaterhouseCoopers of 335 CEO/CIO level executives around the world showed a lag in practice (ITGI, 2004). The survey found that while 75% executives recognized the requirement for implementing IT governance only 40% were taking any action in this direction. This may be explained by the complexities of implementing IT governance.

While previous research on IT governance implementation focussed on IT governance structures and associated contingency factors (e.g., Brown, 1997; Sambamurthy & Zmud, 1999), later work has identified a number of different mechanisms for implementing IT governance (De Haes & Van Grembergen, 2004; Weill & Ross, 2005). This chapter adapts the framework presented by De Haes & Van Grembergen (2004) to explore IT governance implementations in the higher

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