Chapter 6.3
Governance Structures for IT in the Health Care Industry

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INTRODUCTION

The pressures for the health care industry are well known and very similar in all developed countries (i.e., altering population, shortage of resources for staff and from taxpayers, higher sensitivity of the population for health issues, new and emerging diseases, etc.). Underdeveloped countries experience different problems, but they have the advantage of learning from the lessons and actions that developed countries underwent perhaps decades ago. On the other hand, many solutions also exist, but they all make the environment even more difficult to manage (i.e., possibilities of networking, booming medical and health-related research and knowledge produced by it, alternative caretaking solutions, new and expensive treatments and medicines, promises of biotechnology, etc.).

From the public authorities' points of view, the solution might be easy—outsource as much as you can out of this mess. Usually, the first services to go are marginal operational activities, such as laundry, cleaning, and catering services. It is easy to add information systems to this list, but

we believe this is often done without a careful enough consideration. Outsourcing is often seen as a trendy, obvious, and easy solution, which has been supported by financial facts on the short run. Many examples show that even in the case of operational information systems, outsourcing can become a costly option, not to mention lost possibilities for organizational learning and competitive positioning through mastering of information technology.

BACKGROUND

We have found the following reasons for the late adoption of modern information technology in the health care sector (Suomi, 2000):

- Fragmented industry structure
- Considerable national differences in processes
- Strong professional culture of medical care personnel
- One-sided education
- Handcrafting traditions

- Weak customers
- Hierarchical organization structures

ICT and governance structures meet in two ways. On one side, ICT enables new governance structures for the health care industry. On the other, it is an object in need of governing. As both sectors offer a multitude of new possibilities, innovations are called for in the industry (Christensen, Bohmer, & Kenagy, 2000).

IT governance thinking matures in organizations as any other discipline. Van Grembergen, De Haes, and Guldentops (2003) have defined the following stages in their IT Governance Maturity Model:

- Non-existent
- Initial/ad-hoc
- Repeatable but intuitive
- Defined process
- Managed and measurable
- Optimized

Needless to say, in the health care industry, IT Governance thinking is non-existent or initial/ad hoc in the best situation.

THE MEANING OF ICT GOVERNANCE STRUCTURE IN HEALTH CARE

IT is an old acronym for information technology. Nowadays, it is replaced often with the term ICT, referring to information and communication technology. This emphasizes the communication services that are developing very quickly, such as the Internet and mobile services. The letter *C* is often upgraded to the second dimension: alongside communication it can refer to contents. IT or ICT governance is defined (IT Governance Institute, 2001) as follows:

IT governance is the responsibility of the board of directors and executive management. It is an integral part of enterprise governance and 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.

For many, there is a temptation to understand governance as just a synonym for management. This is an oversimplification. Management is a goal-oriented activity, whereas governance is

Table 1. Comparison of terms management, organizational form, and governance structure

	Management	Organizational Form	Governance Structure
Time perspective	Short	Medium	Long
Focus	Action	Internal organization	Inter-organizational structures
Management Control	In action	Easy	Difficult
Metaphor	Communication channels	Infrastructure	Architecture
Character	Concrete	Formal	Abstract

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