Governing IT in Global Environments: Moving from Rhetoric to Reality

Gerald G. Grant, Carleton University, Canada

IT governance has become a particularly important and urgent topic in recent times. Concerns emanating from the corporate scandals and the introduction of legislation, such as the Sarbanes-Oxley Act of 2001, in the United States, as well as the concerns over IT investment spending levels and IT security issues have been catalytic in driving the IT governance agenda forward. IT governance in global environments is particularly challenging. Companies with operations in multiple locations around the globe not only contend with the issues raised above but must also deal with issues arising from cultural differences and time zone effects, as well as with the enormous demands of meeting local and global requirements of multiple stakeholders, including customers, suppliers, partners, and regulators in managing their operations and supply chains.

IT organizations in companies, ranging from the very large to smaller ones, are often required to support a multitude of applications across multiple sites on a wide variety of hardware. These operations typically can involve hundreds, and even thousands of users requiring services 24 hours, seven days per week, and 365 days a year. Application and infrastructure services may have to be delivered in multiple languages. Effectiveness in such complex circumstances is predicated on having a responsive, flexible, and integrated information and technical systems architecture.

The subject of IT governance has been discussed widely in both academic and practitioner literature. In academic literature, most of the early work on this subject focused on structural configuration issues, emphasizing the degree of centralization and decentralization of IT decision making. They also addressed the location of IT responsibility as well as the contingencies affecting both the location and the configuration of accountabilities (Brown & Grant, 2005). While studies along these lines provided important building blocks for current work on IT governance, they failed to fully explain the phenomena and how to effectuate IT governance in practice. The practitioner literature has emphasized good practices in IT governance from leading organizations. However, many of the frameworks and conceptual advanced models are incomplete, focusing on one or two dimensions only. They are also often difficult to substantiate both theoretically and empirically. Others,
such as the one proposed by the IT Governance Institute (ITGI), are appealing, but fall short as well. For example, while it addresses key processes that need to be carried out in any IT governance situation, the ITGI governance model does not explicitly address the structural or the temporal dimensions of governance.

Although the rhetoric surrounding IT governance is strong and compelling, executives are still struggling with how best to move IT governance from description to enactment in the real world. IT governance is only relevant when enacted in practice. It is one thing to understand the key dimensions of governance and the many nuances associated with it. It is quite a different situation to translate these into real action on the ground. IT governance in practice has both projective and emergent properties. Actions to institute a particular governance agenda towards a certain end may precipitate a wide variety of responses and activities. For example, governance processes and structures that seek to reduce complexity through standardization and centralization may end up creating large diseconomies of scale and scope if such actions necessitate the establishment of a large superstructure to manage and monitor compliance. On the social level, stakeholders may attempt to counter balance these standardization and centralization efforts by creating rogue projects that defy organizational logic. This makes it difficult to prescribe exactly what the outcomes of the governance effort might be. Consequently, much attention must be given to the social and relational aspect of governance and the role of human agency in effectuating successful governance. Stakeholders in any governance situation are social actors playing a wide variety of roles, some of them simultaneously.

Traditional IT governance work has been dominated by concerns about structure and configuration of IT responsibilities. More recent work has focused on rights and accountabilities (Weill & Ross, 2004). However, this work still has a structural bias.

The unsatisfactory nature of the structural approach to IT governance has caused researchers to adopt a more process oriented view (Peterson, 2004). In enacting it in practice, however, managers operating in global environments must construe IT governance as an intensely dynamic social process. Attention must focus beyond the structures and processes to embrace a wide variety of relational and temporal exigencies as well. Executives need to adopt a stakeholder and human agency perspective that recognizes the interweaving roles that people in organizations play and how they often support or conflict with each other. For example, at Metalco (a pseudonym for a global metal producer) one manager in a local plant was also a member of a corporate IT governance committee. Playing a role on the corporate committee conflicted directly with his role as a local plant manager. When Metalco sought to implement a new ERP system, it meant increased cost and lower efficiency for his plant. This conflicted with the profitability goals that he was tasked to meet. Consequently, he was not very keen to buy-in to the corporate IT agenda because of the potentially increased overhead costs for the plant and the corresponding reduction in profitability.

A growing number of researchers have begun to view IT governance as the dynamic interaction of structure, processes, relationships, and timing. More recently, with concerns about enacting IT governance in practice heightening, greater focus has been put on the interaction of structures, processes, and relationships (De Haes & Van Grembergen, 2006). However, the temporal dimension receives less attention. IT governance arrangements and its execution are
shaped by a variety of environmental forces, both internal and external to the organizations. These forces impact the dynamics of interaction between the key governance dimensions of structure, processes, relationships and timing. In stable environments it is easier for governance approaches and mechanisms to be carefully planned and implemented. However, this type of careful planning and execution is challenged when environments are extremely volatile. For example, HiTech (a pseudonym), an electronics contract manufacturer with operations in Canada, USA, UK, and China, must respond to the increasingly difficult demands of its customers for price and cycle time reduction, while simultaneously trying to ensure that it maintains profitability in the face of pressures from shareholders, regulators, and other stakeholders. It means therefore that IT governance approaches need to be able to respond to the dynamism and volatility presented by the environment, while at the same time be able to chart a course into the future that will foster growth and reduce risk associated with making IT investments.

With IT playing such a large role in global organizations, managers, both business and IT, face a number of challenges. These include:

- How to ensure articulated governance agendas are enacted in practice.
- How to reduce the potential diseconomies that may result from enacting a particular IT governance agenda.
- How to manage the dynamic and emergent pathways that arise when enacting an IT governance strategy.
- How to manage IT in increasingly complex and diverse environments.

While the research on IT governance is converging around the notion of an integration of the structural, processual, relational, and temporal dimensions of governance, the nature and characteristics of the dimensions have not been fully explored and articulated. Researchers are therefore challenged to address several issues that arise in this context. Among these are:

- What processes are critical to effective IT governance?
- What are the dimensions of structure that impact IT governance implementation and execution?
- What is the nature and character of the relationships that affect IT governance arrangements?
- How are these relationships enacted in practice?
- What is the nature of the temporal dynamics of IT governance?
- How are governance arrangements and enactment shaped by the exigencies in the internal and external environment of organizations?

Without clear answers to these and other questions, IT governance, particularly for organizations operating globally, will remain a rhetorical exercise rather than something effectuated in actual practice on the ground. We look forward to the further development of this research area.

REFERENCES

Gerald Grant is associate professor at the Sprott School of Business, Carleton University, Ottawa, Canada. Currently, he serves as an associate editor of the European Journal of Information Systems and of the Journal of Global Information Management. He is also a member of the editorial board for the Information Technology for Development Journal. Dr Grant received his PhD from the London School of Economics and Political Science, London, United Kingdom. Much of his current research focuses on the governance of information and communication technologies in public and private sector organizations.