Chapter 4
Is the Perceived IT Governance Maturity Level Enough? A Case Study of a Korean Enterprise

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ABSTRACT

Despite Carr’s assertion that IT would soon become a commodity (Carr, 2004), corporations are increasingly coming to regard their particular deployment of IT as a strategic asset (ITGI, 2008). As companies increasingly recognize the value of IT, the importance accorded in their thinking to IT Governance (ITG) also grows. According to a recent IT Governance Institute (ITGI) report on ITG around the world, a number of companies are working actively to heighten their ITG maturity level. These efforts, however, do not always bring with them their expected results if they are undertaken on the basis of a narrow or distorted view of ITG. This research closely analyzes a case study company, evaluating its ITG maturity level through the COBIT framework. COBIT results are compared with the company’s own CIO’s evaluation of its ITG level. This comparison shows the need for companies to assess their ITG needs in a balanced way before seeking to way to advance their level of ITG. In addition, the work indicates the desirability of consistent monitoring conducted under a well-devised control framework.

INTRODUCTION

According to the IT Governance Global Status Report 2008, IT is becoming increasingly important for corporations (ITGI, 2008).

Another finding from the same report suggests that the number of corporations which use a widely known methodology for ITG advancement has increased compared to that of 2005. For example, corporations which answered ‘Not yet decided which one’ have declined from 22% to 3%. Also, corporations which answered ‘Internally developed framework’ have declined dramatically
from 33% to 14%. Corporations are shifting from in-house setups to ‘ITIL/ISO 20000’, a standard framework for ITSM (IT Service Management), with the figure for corporations taking this framework on rising from 13% to 24%. Corporations that answered to have been using ‘COBIT and COBIT Quickstart for small and medium enterprises’ has increased from 9% to 14%.

Such findings draw attention to a conceptual shift in the implementation of ITG. In the past, corporations around the world questioned the need of ITG, merely handling it at a conceptual level. Now, however, they are seeking practical methods by which they can take forward ITG in their firms.

Then, how about the status of ITG in Korea? 70 Korean companies participated in a survey in 2007. According to this survey, although many companies consider ITG as a vital tool for achieving their goals, they experience difficulties in advancing their ITG maturity level. On the matter of recognition, companies scored 6.1 out of 7.0, for ITG a 0.8 point increase compared to that of 2005. However, on execution they did less well, scoring 4.1, a mere increase of 0.2 points compared to the 2005 results (Lee, et al., 2007).

That same year, 95 Korean companies participated in another survey, which examined the sources of ITG advancement inhibitors. The results identified a lack of principles and the poor design of execution processes as the main inhibitors of ITG realization and advancement (Lee et al., 2008).

The results come down to the conclusion that Korean corporations also feel the need for ITG advancement, but haven’t been able to find the appropriate methodology.

However, the question of “How will we reach ITG advancement under the light of a balanced point of view” is more important than the question of “How will we reach ITG advancement.” According to a collaborated survey done by PwC and IT Governance Institute (ITGI) in 2006, many CIOs did not consider ITG as more than a problem of IT Compliance (PwC & ITGI, 2006).

Also, a large number of them considered ITG and IT Management to be identical, even though ITG is related to business/IT strategy and IT Management is more related to the traditional approach of operation optimization.

If such misunderstanding remains pervasive among CEOs and those responsible for ITG, then the results of the survey questioning the maturity of ITG are highly likely to be misleading. Reliable results evaluating firms’ ITG level and discovering whether ITG advancement is conducted under a balanced point of view or not will only be attained by examining firm ITG maturity levels according to an objective and balanced evaluation framework. Relying on the company’s internal evaluation standards cannot satisfactorily obtain this result.

This research will conduct an in-depth case study of a Korean mobile communication company. The research is dedicated to evaluating company’s ITG maturity level and comparing the results with the ITG maturity level perceived by the company’s CIO and IT managers. This method will seek to answer the following two questions:

- How does the evaluation of the company’s CIO and IT managers and COBIT differ regarding the maturity of the company’s ITG?
- Does COBIT provide a balanced point of view regarding ITG advancement?

The paper is structured as follows. The next section connects COBIT with the general idea of ITG. Chapter 3 closely describes the paper’s methodology regarding the case study, and chapter 4 observes results. Lastly, chapter 5 is dedicated to a conclusion and covers the implications that may be inferred from the study.

LITERATURE REVIEW

IT Governance

IT has long played a critical role in creating business value, with many companies recogniz-
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