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Shared Understanding in IT Governance and IT Management Implementation:
An Analysis of Different Stakeholder Viewpoints

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ABSTRACT

This article examines the association between stakeholder functional role and the perceived level of IT governance and IT management implementation. Specifically, this article takes a COBIT 5 perspective, by first analyzing perception differences at the level of the implementation of the seven COBIT 5 enablers, followed by an analysis at the level of the COBIT 5 process domains. The results indicate that a shared understanding about the IT governance and IT management implementation level between different organizational stakeholders can be improved, especially between (1) IT and (2) audit, risk, and compliance (ARC) stakeholders. As IT governance is seen as a critical enabler for the achievement of IT business value, an appropriate level of shared understanding about its implementation level among important stakeholder groups should be achieved.

KEYWORDS

COBIT 5, IT governance, IT management, shared understanding

1. INTRODUCTION

In an increasingly digitized economy, organizational decision-makers are confronted with the pervasiveness of IT. Investments in IT form a substantial portion of total investments for many contemporary organizations. For this reason, a focus on the governance and management of IT is warranted, to ensure that the current and future investments in IT are in line with business needs, and all of this at a level of IT-related risk that is appropriate for the organization (De Haes & Van Grembergen, 2015).

Academic research has provided answers on how organizations can implement IT governance. The state-of-the-art view in academia is that IT governance should be implemented as a holistic set of structures, processes, and relational mechanisms (Ali & Green, 2009; De Haes & Van Grembergen, 2009, 2015; Huang, Zmud, & Price, 2010; Peterson, 2004; Prasad, Green, & Heales, 2012; Weill & Ross, 2004). From the practitioner area, guidance has also surfaced. The leading practitioner framework for the governance and management of enterprise IT is developed by ISACA. The COBIT (Control Objectives for Information and Related Technologies) framework is currently in its fifth edition (www.isaca.org/COBIT).

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In the realm of shared understanding between distinct types of stakeholders in an organization, the question can be asked whether these different stakeholders evaluate the implementation level of the governance and management of IT mechanisms in a similar fashion. Higher levels of shared understanding in this area would imply that there is a great degree of synergy about the mutual understanding of the implementation of the IT governance framework. This in turn can help organizations to realize the benefits of IT governance in a more consistent way with the desired business goals in mind. This paper sets out to research the effect of functional role on the perceived IT governance implementation level by focusing on three relevant stakeholder groups for IT governance: (1) business, (2) IT, and (3) audit, risk, and compliance stakeholders. Thus, the level of granularity of analysis in this paper is limited to these three distinct groups as collectives (i.e. business functional units are not further separated during analysis). Therefore, this paper puts forward the following research question: "How do (1) business, (2) IT, and (3) audit, risk, and compliance stakeholders evaluate the implementation level of IT governance and IT management mechanisms?"

The results of this analysis will therefore provide insights in the state of the perceived implementation level of enterprise governance and management of IT between these three stakeholder groups and, as a result, insights on the state of shared understanding about IT governance and IT management implementation can be derived. This research is positioned as a first step in the quest through the puzzle of shared understanding about enterprise governance and management of IT. Also, while most of the traditional IT governance and alignment literature mainly includes IT and business functions, we incorporate the audit, risk, and compliance function to shed more enriched insights on the discussion of shared understanding in IT governance implementation.

2. THEORETICAL BACKGROUND

2.1. Social Alignment and the Need for Shared Understanding

Following Henderson & Venkatraman (1993), the alignment between business and IT is seen as the continuous process of aligning four components: business strategy, IT strategy, organizational infrastructure and processes, and IT infrastructure and processes. Later, authors referred to this view on alignment as the "intellectual dimension" of business/IT alignment (Reich & Benbasat, 2000). Next to this "intellectual dimension", it is acknowledged that there also should be a shared understanding among internal stakeholders about these four components that need to be aligned, which was then referred to as the "social dimension" of business/IT alignment (Reich & Benbasat, 2000). Building on these ideas, scholars then found shared understanding between business and IT executives to be a key antecedent of strategic alignment (Preston & Karahanna, 2009). This shared understanding was in turn found to be influenced by a shared language and shared domain knowledge between business and IT. When business and IT executives communicate in formal organizational structures (e.g. IT governance structural mechanisms), the shared understanding between them will increase, ultimately leading to more effective IT governance (Bowen, Cheung, & Rohde, 2007; Preston & Karahanna, 2009). Shared understanding between business and IT is therefore important to achieve, as it helps IT people to see how IT can be leveraged to solve business problems, and therefore how IT can improve business performance (Day, 2007; Ray, Muhanna, & Barney, 2007; Reich & Benbasat, 2000).

In this paper, we propose to extend this logic to shared understanding about the governance and management of IT. The existing perceptions of three stakeholder groups (i.e. business; IT; and audit, risk, and compliance) regarding IT governance and IT management practices are analyzed and compared. Shared understanding about the implementation level of IT governance and IT management might foster (when shared understanding is high) or impede (when shared understanding is low) IT governance implementation and thereby also ultimately the achievement of business value from IT. As IT governance (and IT management) is positioned as a critical enabler of business/IT alignment (including social alignment) (De Haes & Van Grembergen, 2009; Schlosser, Beimborn, Weitzel, & Wagner, 2015), shared understanding about the implementation level of these practices is important in order to ensure their effectiveness.