



Chapter III

Information Technology Governance

In many organizations, information technology has become crucial in the support, the sustainability, and the growth of the business. This pervasive use of technology has created a critical dependency on IT that calls for a specific focus on IT governance, which consists of the leadership and organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategy and objectives (Grembergen et al., 2004).

IT governance matters because it influences the benefits received from IT investments. Through a combination of practices (such as redesigning business processes and well-designed governance mechanisms) and appropriately matched IT investments, top-performing enterprises generate superior returns on their IT investments (Weill, 2004).

However, IT governance should be developed and managed according to the resource-based theory that is relevant for the value configuration and in a dynamic perspective. This means that IT governance is concerned with exploring and exploiting strategic IT resources in support of the organization's value configuration(s) over time.

IT governance can be defined as specifying decision rights and accountability framework to encourage desirable behavior in the use of IT (Weill & Ross, 2004). There are several examples of other definitions. First, IT governance is the structures and processes that ensure that IT supports the organization's mission. The purpose is to align IT with the enterprise, maximize the benefits of IT, use IT resources responsibly, and manage IT risks; Second, it is a structure of relationships and processes to direct and control the enterprise in order to achieve the enterprise's goals by adding value, while balancing risk vs. return over IT and its processes. Third, 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. Fourth, IT governance is the system by which an organization's IT portfolio is directed and controlled. IT Governance describes (a) the distribution of decision-making rights and responsibilities among different stakeholders in the organization, and (b) the rules and procedures for making and monitoring decisions on strategic IT concerns (Peterson, 2004).

IT governance is further defined as the patterns of authority for key IT activities in business firms, including IT infrastructure, IT use, and project management and is conceptually different from IT management. IT management involves making and implementing approved technology decisions, while governance addresses the inputs and decision rights to drive desirable behaviors.

Weill and Ross (2004) use political archetypes (monarchy, feudal, federal, duopoly, anarchy) to describe the combinations of people who have either decision rights or input to IT decisions:

1. **Business monarchy:** In a business monarchy, senior business executives make IT decisions affecting the entire enterprise. It is a group of business executives or individual executives (CxOs), including committees of senior business executives (may include CIO). It excludes IT executives acting independently.
2. **IT monarchy:** In an IT monarchy, IT professionals make IT decisions. It is a group of IT executives or individual CIOs.
3. **Feudal:** The feudal model is based on the traditional idea that princes and princesses or their designated knights make their own decisions,

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