

## IT GOVERNANCE AND IT MANAGEMENT: DIFFERENCES IN A BRAZILIAN MEDIA GROUP

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*Considered a top managerial issue in Information Technology (IT), IT Governance presents challenges for definition of a body of knowledge and is often portrayed as a special type of management, reflecting confusion between the themes. Particularly difficult is distinguishing responsibilities of Governance from those of Management. Although managers tend to consider nearly the same, academic studies point out differences, which are investigated considering aspects of scope, attributions, focus and responsibilities. This paper analyzes the IT Governance program of a media company in Brazil. The contributions are the formalization of a Conceptual Framework for Differentiation between Governance and Management and results suggest similarities regarding bibliographical research: IT Governance is associated with formalization of processes while Management uses the defined instruments to achieve goals.*

*Palavras-chave: Information Technology. IT Governance. IT Management.*

## **Abstract**

Considered a top managerial issue in Information Technology (IT), IT Governance presents challenges for definition of a body of knowledge and is often portrayed as a special type of management, reflecting confusion between the themes. Particularly difficult is distinguishing responsibilities of Governance from those of Management. Although managers tend to consider nearly the same, academic studies point out some differences, which are investigated considering the aspects of scope, attributions, focus and responsibilities. This paper analyzes the IT Governance program of a media company in Brazil. The contributions are the formalization of a Conceptual Framework for Differentiation between IT Governance and IT Management and the results suggest similarities regarding bibliographical research: IT Governance is associated with formalization of processes while IT Management uses the defined instruments to achieve goals.

## **Keywords**

*Information Technology. IT Governance. IT Management.*

## **1. INTRODUCTION**

IT Governance is considered as one of the ten most relevant managerial problems for IT executives and most of companies had some level of IT Governance (GERRARD, 2006). At same time, less than 5% of the executives does not consider it important (INFORMATION..., 2012). However, the definition of the scope of IT Governance still suffers prejudice due to the lack of a unified body of associated knowledge (NOLAN; McFARLAN, 2005). Some authors attribute a lack of a clear definition, scope, and goals for IT Governance to the confusion of managerial attributions (PETERSON, 2004; RAU, 2004; BROWN; GRANT, 2005; WEBB; POLLARD; RIDLEY, 2006).

A singular relevant aspect is the difficulty to make a differentiation between governance and management responsibilities. From the practioners point of view, the responsibilities overlap or are the same (GERRARD, 2006). Academic studies, on the other hand, point out divergences: IT Management is focused on an efficient generation of products and services, the administration of operations (LAURINDO, 2008), and it is part of IT Governance (HAES; GREMBERGEN, 2005). IT Governance is more comprehensive, and is focused on the transformation of IT in order to attend present and future needs of the business and clients (HAES; GREMBERGEN, 2005; LAURINDO, 2008).

The present paper aims to investigate the differences between IT Governance and IT Management under the aspects of scope, attributions, focus, and responsibilities. The methodological proposal involves qualitative research, with exploratory and descriptive results, and a case study in a Brazilian media company. The formalization of a conceptual framework with elements of comparison is the main contribution of this research.

## **2. THEORETICAL FOUNDATION**

The characterization of IT Governance as a form of IT Management is a myth, in spite of having subtle differences between them which have important implications: IT management focuses on the efficiency and effectiveness of the supply of IT services internally to the organization, as well as on the management, while IT Governance has a wider scope, and concentrates on the sustainability and transformations of IT in order to meet present and future business needs and client (PETERSON, 2004).

Governance should be used to maximize incomes in addition to eliminating and reducing business risks. The execution of IT strategy, the coordination of IT between its specific areas

and the improvement of the quality of the provided services are incumbent to IT Management (TU; ZHANG, 2008).

Another approach points out that ‘IT Governance determines who makes the decisions, whereas IT management involves the process of making and implements decisions’ (WEILL; WOODHAM, 2002; WEILL; ROSS, 2004). It is a system of rights and responsibilities that involves various participants in the organization such as top management, business managers, and IT managers (BRAND; BOONEN, 2004; POSTHUMUSA; SOLMS, 2005; INFORMATION..., 2012). Additionally, it involves decision power and a matrix of responsibilities (WEILL; WOODHAM, 2002; WEILL; ROSS, 2004).

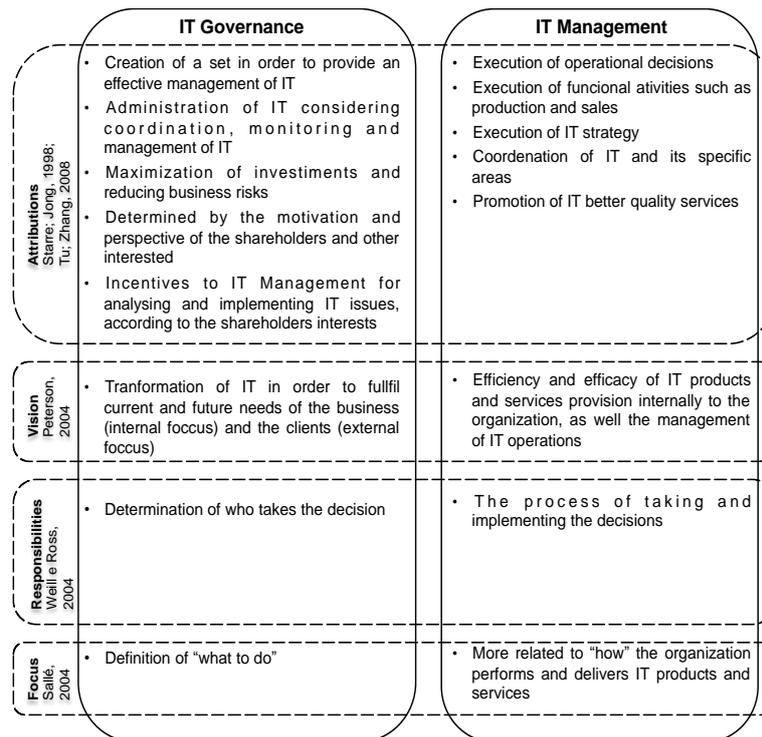
Starre and Jong (1998) describe the main differences between IT Governance and IT Management, associating with IT Governance the capacities to direct management and administrate, and with IT Management the capacities to perform and take care of the operational performance. IT Governance is frequently associated with the definition of ‘what to do’ whereas the IT Management is more related to ‘how to’ an organization is going to develop and deliver the services (SALLÉ, 2004).

### 3. METHODOLOGICAL PROCEDURES

This paper is based on qualitative research and a case study aiming to investigate how IT Governance and IT Management can be differentiated from the point of view of academic studies and how these differences were observed in a Brazilian company.

#### 3.1. Comparison between IT Governance and IT Management

The absence of ‘an’ established definition for IT Governance, and the lack of consensus about the scope and the objectives of Governance contributed to the *Conceptual Framework for IT Governance and IT Management Differentiation* (Figure 1), based on the proposal of Starre and Jong (1998) combined with other elements of theoretical basis.



**Figure 1 - Conceptual Framework for IT Governance and IT Management Differentiation**  
(Author).

The framework present groups of items collected from the literature review, under the attributes of attributions (sphere of action), vision (aspect, perspective), responsibilities (obligation to report accounts) and focus (concentration).

### 3.2. Case study

In order to investigate the theoretical concepts, a single case study of an IT Governance area in a Brazilian media company was performed. This company was chosen due its IT Governance program that has been operating for several years with a good level of acceptance and the organizational maturity.

The fieldwork was administered using the protocol developed from the academic literature review. The *Conceptual Framework for IT Governance and IT Management Differentiation* (presented in Figure 1) supported the development of the research instrument.

The study was developed in the company's Corporate IT area. Data were obtained through interviews and was complemented with secondary data from public sources. The semi-

structured interviews followed the script established in the protocol and was carried out with the IT Governance manager, being subsequently revised by the current manager of IT area.

#### 4. COMPANY ANALYSIS

Since the 2000s, in the studied company, IT underwent a centralization of nuclei spread throughout the business areas, promoting cost reductions, and operational improvement. Nowadays, the area includes 100 employees.

There are two development and project management areas responsible for systems and projects, including business analysis, system development and maintenance, and also project planning and execution.

The Infrastructure management takes responsibility for network infrastructure, telecommunications channels, production routine, *Service Desk* and infrastructure project processes. The Security of Information area is responsible for the protection of company information assets and for the identification of risks and vulnerabilities.

The IT Governance area was started in 2004, with a mission to supply instructions to support IT Management and is responsible for:

- Support the IT budget planning, manage investments, operational and technical standards, IT processes' streams and indicators, and gather IT communications.
- Manage IT contracts, using good market practices.
- Administer IT payments, centralizing invoices and consolidating the financial information.

#### 5. RESULTS ANALYSIS

Analyzing the characteristics of IT Governance and IT Management in the company, many similarities were found regarding the literature review. The application of the framework in the case study contributed to the understanding of how the differences were observed in a Brazilian company.

Based on *The Conceptual Framework for IT Governance and IT Management Differentiation*, results were grouped according to aspects of attributions, vision, responsibilities and focus.

##### **Attributions**

The creation of a conceptual and procedural apparatus is an attribution of IT Governance, with the purpose to create IT Governance performs functions such as defining streams, processes, indicators and matrices of responsibilities, controlling investments, and supporting the administration in monitoring the elaboration of reports. Functions less commonly associated with the IT references to improve the provision of services. In this context, the management areas fulfill the role of representing IT regarding the business.

Governance initiatives are: the centralization of IT related communications, the technological direction and innovation management. The analysis suggests the need for developing that last function, incorporated in a transitory way with IT Governance, until it gets structured adequately in IT.

IT Management fit traditional functions in an IT administration: infrastructure operation, systems development and maintenance, and a rapport with business areas. The information security activities are performed by a dedicated management within the IT structure, regardless of the corporate scope of performance.

### **Vision**

The implementation of IT Governance positively impacts a company, with an improvement of IT performance controls and better formalization of the delivery of services.

The scope of IT contributed to clearer roles and responsibilities, consolidated plans in alignment with business, demonstrated the processes reliability, and increased the transparency and predictability of deliveries.

The nature of the concepts presented demonstrates clearly defined difference: whereas IT Governance is considered as conceptual, guiding, and administrative; IT Management has a practical, executive, operational, and tactical nature.

### **Responsibilities**

There are important variations as well in relation to these responsibilities, coinciding with the academic definitions. IT Governance is not yet considered part of the IT strategy, despite the term 'strategic' being associated with IT Governance on several occasions. It is acknowledged, however, that IT Governance has a fundamental role in the preservation of basic values and in guiding IT Management's decisions.

IT Governance embodies the definition of the roles and responsibilities for all of the processes, politics, standards, and directives. IT Management, on the other hand, uses these defined instruments to achieve the set goals, carrying out projects, contracts, and IT services.

### **Focus**

IT Governance is associated with tactical and strategic parameters, with a wider and more structured vision of IT (the ‘whole’ of IT), whereas IT Management is related to every level (strategic, tactical, and operational), but with a deeper view of parts of IT.

IT Governance is directed by business and IT managers (‘executives’ or ‘people who decide’); therefore contemplated with a superior level of vision. In contrast, IT Management unites, in addition to business and IT managers, middle management (of business and operations) and collaborators in general (‘people who perform’), reinforcing its operational and tactical role.

## **6. FINAL CONSIDERATIONS, RESTRICTIONS AND CONTRIBUTIONS**

This paper investigated the differences between IT Governance and IT Management, regarding aspects of attributions, vision, responsibilities and focus; and was based on qualitative research with a case study of a Brazilian media company.

The principle contribution of the work is of conceptual nature and corresponds with the conceptual framework formalization developed in the proposal of Starre and Jong (1998) and complemented with elements extracted from a theoretical foundation. This structure of comparison demonstrates evident differences between IT Governance and IT Management regarding empirical and theoretical viewpoints.

The methodological approach based on a single case study presents limitations to a generalization of analysis, as the research instrument used for collecting data allows various degrees of interpretation. The application of a differentiation model based on the review of academic studies contributed to reduce the level of subjectivity in the interviews and facilitate the categorization of results. However, it is worth noting that the model proposed is consequent in the theoretical foundation of the paper, and could not evaluate all of the necessary criteria relative to the research goal.

In the studied company, the IT Governance program evolved from the need for performance indicators, along with IT Management enrichment. This movement developed with the

demands of the company and its business diversification; moreover, it represents a proactive answer from IT that offered more controls and transparency.

*The Conceptual Framework for IT Governance and IT Management Differentiation* contributed to the orientation of research questions, from its application in the revision of academic studies (how can IT Governance and IT Management be differentiated in academic studies?) and in fieldwork (how those differences were observed in a Brazilian company?).

In addition to the needs of standardization and methodology, the IT Governance searches to establish formal processes, to implement controls and indicators that promote improved visibility of results, security regarding the return on investments, and shares responsibilities with the company.

In counterpart, IT Management has practical attributions and uses the instruments defined by the IT Governance to achieve set goals, and carrying out projects, contracts, and IT services. Traditional functions of IT administration, such as infrastructure administration, systems development and business rapport are also associated with management.

The topics related to IT Governance reviewed in this paper are of practical and theoretical relevance, and are far from being fully clarified. Opportunities for future research can evolve from the application of the proposed model to a larger group of companies, chosen in different industry segments. Other initiatives can derive from a different theoretical foundation, aiming to a diverse or more complete set of groups in the framework.

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