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Irrational aspects in Information Technology (IT) Governance: A Synthesis of the Literature

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IT governance ensures that the organization's information technology supports the corporate strategies and objectives; thus the role of IT is to ensure the achievement of its organizational goals and objectives. IT governance is considered as the weakest link, though much research has been carried out to strengthen and integrate IT with the overall organizational governance structure. A comprehensive literature review was conducted in order to study how IT governance has evolved through the years, and literature findings are compared with the perspectives of institutional theory to identify irrational aspects in the evolution of IT governance processes. The institutional elements or the structure and the involvement of people in formal organizations were extensively studied in organizational theory. Out of the several organizational theories such as contingency theory, transaction cost theory, resource dependency theory, and network theory, that have evolved during the last few decades, the institutional theory could be considered from the theoretical perspectives as the best to explain the changes within organisations. Institutional theory cannot only be considered as a theory of organizational change but as an explanation of similarity and stability of organizational arrangements within a particular environment. The problem identified in this paper is the knowledge gap between the IT structural arrangement and the ways that contingencies affect the organizational IT decision making. This research was conducted with the assumption that the poor performance, IT maturity and evolution within organizations are due to lack of consideration of external and internal contingencies, and their effect on IT governance arrangements. Although research in IT governance has evolved in the directions of structural arrangement and the contingencies affecting IT governance, studies on the relationship between the directions, structural arrangement, and contingencies affecting IT are lacking in the literature. However the finding of this research indicates strong evidence of involvement of non-rationality in managing IT organizations. One such non-rationality factor involved is institutional forces. Organizations need to integrate irrational aspects of institutions with the rational internal aspects to present a richer explanation of complex IT governance phenomena in order to enhance overall performance.