

Examining ISO/IEC 38500:2008 Governance Standard in an Inter- organisational Public/Private-sector Context

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Study background

- Little is known about effective practice of ITG
 - Relatively new standard ISO/IEC 38500:2008 The Corporate Governance of IT
 - Inter-organisational ICT projects where value is co-created
 - Public/private sector partnerships
- Research context:
 - DEEWR's Employment Services System (ESS) and its complex environment of private/public-sector stakeholders (July 2009)
- Research project aims
 - Examine ITG in an inter-organisational public/private sector context using ISO/IEC 38500:2008 as an evaluation lens
 - **Ex-post evaluation of ISO/IEC 38500:2008 as a design artefact in the naturalistic setting provided by the ESS**

Systemic differences between public/private-sector firms

Significant issues for IT initiatives	Characteristic focus in the public-sector*	Characteristic focus in the private-sector**
Complexity	4+ dimensional world (government, citizens, political imperatives and the media). Increasing demand for 'joined up' projects and delivery of key services sometimes through intermediaries.	3 dimensional world (shareholders, the organisation and regulatory bodies). Projects require consistent IT infrastructure but generally the scope of access is more restricted.
Initiatives	Emphasis on announcements and initiatives can proliferate with little or no integration and prioritisation.	Market responses drive value: related to integration and prioritisation of initiatives i.e. strategic planning.
Culture	'Make decisions correctly' vs 'make the right decisions'.	Focus on decision-making related to strategic planning not a political audience.
Learning from experience	Weak institutionalised learning as accountabilities are ill-defined.	Financial accountability and demands of regulatory compliance encourage organisational learning.
Risk	Propensity to focus on managing political risk rather than operational and financial risk.	Focus on operational and financial risk.

* Drawn from Gershon (2009) ** Drawn from Wilkin and Chenhall (2010)

Six principles of ISO/IEC 38500:2008

Principle	Description
1. Responsibility	Individuals and groups within the organisation understand and accept their responsibilities in respect of both supply of, and demand for IT. Those with responsibility for actions also have the authority to perform those actions.
2. Strategy	The organisation's business strategy takes into account the current and future capabilities of IT; the strategic plans for IT satisfy the current and ongoing need of the organisation's business strategy.
3. Acquisition	IT acquisitions are made for valid reasons, on the basis of appropriate and ongoing analysis, with clear and transparent decision making. There is appropriate balance between benefits, opportunities, costs, and risks, in both the short term and the long term.
4. Performance	IT is fit for purpose in supporting the organisation, providing the services, levels of service and service quality required to meet current and future business requirements.
5. Conformance	IT complies with all mandatory legislation and regulations. Policies and practices are clearly defined, implemented and enforced.
6. Human Behaviour	IT policies, practices and decisions demonstrate respect for Human Behaviour, including the current and evolving needs of all the 'people in the process'.

Evaluating ISO/IEC 38500:2008 as a Design Artifact

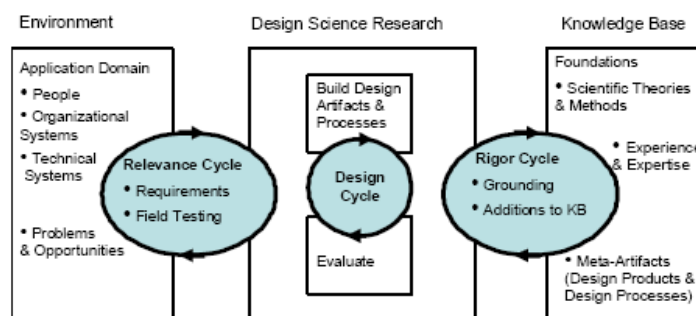
- “This standard **provides a framework for effective governance of IT** to assist those at the highest level of organisations to understand and fulfil their legal, regulatory, and ethical obligations in respect of their organisations’ use of IT.” (p. v).
- Sector-agnostic and claimed to be “**applicable for all organisations**, from the smallest, to the largest, regardless of purpose, design and ownership structure” (p.v).
- “The standard is **intended to inform and guide those involved in designing and implementing** the management system of policies, processes, and structures that support governance.” (p. v)
- Claimed to offer significant opportunities to **explore the effectiveness of corporate governance** of IT in inter-organisational scenarios (Calder, 2008).

Research method

- Case is unique in that it examines a complex yet highly successful inter-organisational system involving diverse stakeholders
- Insight into how and why IT governance mechanisms/strategies are used in real-world context
- Contribution to knowledge is the testing of a design process artifact
- Research approach
 - Might have adopted a “science-like” perspective to examine the ITG design proposed in ISO/IEC 38500:2008
 - But not dealing with just facts and cannot really test hypotheses or propositions as standard is not a “theory” and not all elements are required
 - Instead aim was insight into how ITG elements emerged in the successful case and compare these with the standard for completeness
 - Focus was whether standard is comprehensive and captures all aspects needed for effective ITG
 - Can also see what aspects of the standard were not utilised in the ESS

Evaluating ISO/IEC 38500:2008 as a Process Design Artifact

- Contribute to DSR by examining the relevance of the ISO/IEC 38500:2008 artefact in a real world setting
- Located in the relevance cycle evaluation process in Hevner's (2007) model



Case study context

- Redevelopment of the complex ESS (July 2008 – July 2009)
- ESS supports external organisations contracted to deliver employment service programs
- The ESS required to:
 - support the government's policy and business rules;
 - address the business needs of the employment service providers in terms of operational support and ease of use.
 - reduce red tape processes where possible
- External suppliers reliant on the ESS to service their clients (both employers and job seekers) and record related activities for payment.

Impetus for change to Employment Services in Australia

- Original Job Network strategy in place for a decade
 - designed when unemployment was 7.7%
- Labour market had changed significantly
 - lower unemployment
 - widespread skill shortages and not enough emphasis on skills development and training.
 - growing proportion of long-term term unemployed
 - growing proportion of job seekers categorised as highly disadvantaged
 - employment services system is fragmented and complex
 - burden of administration and red tape is affecting client services and hampering innovation

The objectives of the new employment services model

- Enable tailored assistance for job seekers
- Increase early assistance to the most disadvantaged job seekers
- Better meet skill needs of employers
- Enhance opportunities for work experience including an improved Work for the Dole and Green Corps
- Introduce a more work-like compliance system
- Streamline programs and processes to reduce the burden of administration and red tape which will cut the costs for service providers.

Project data

Project information	Relevant dates	Events/items	Documented resources (N=192)
ESS Consultation and Planning Documents	Various dates	11 documents	<ul style="list-style-type: none"> 11 report files
IT Advisory Group	8/07//2008 – 18/06/2009	16 meetings	<ul style="list-style-type: none"> 16 sets of meeting minutes
Face to Face Consultations	17/12/2008 – 20/03/2009	13 meetings	<ul style="list-style-type: none"> 13 summary reports and 5 sets of presentation slides
LiveMeet web conferencing Sessions	23/07/2008 – 19/06/2009	79 online presentations each with an interactive Q&A component	<ul style="list-style-type: none"> 73 session recordings consisting of more than 53 hours of audio visual material 24 summaries of key LiveMeet sessions detailing dates, project team, number and role of attendees, polls taken, and discussion topics
ESS Transition Reports	4/05/2009 – 17/08/2009	21 reports	<ul style="list-style-type: none"> 47 files containing report layouts, report metadata, claim rate codes, mapping, and Q&A lists
User Feedback Surveys	August 2008; July 2009; and August 2009	3 surveys	<ul style="list-style-type: none"> 3 report files

Structures, processes and relational mechanisms used in the ESS

Structures	Processes	Relational Mechanisms
Involved a Group Manager, particularly in deployment	Independent review highlighted a need for stakeholder engagement	Minister wrote to service providers, employers, welfare organisations and others seeking views on the direction of JSA
Established an advisory group and transition reference group	Social Inclusion Agenda led to a review that determined the strategic direction of JSA	Consultation sessions, meetings, satisfaction surveys and program evaluations involved all stakeholders
System stakeholders were called upon to voice issues	Evidence of Strategic Planning including a consultation plan	Renewed training for service providers
Tender process required providers to have an IT contact person	Policy requirements aligning employment services and business needs	
<i>No obvious CIO reporting</i>	<i>Alignment with objectives one-sided</i>	
	<i>No obvious assessment of business value</i>	

Provider consultation timeframes

Timeframe	Activity	Consultation Processes
Phase 1 <i>High Level Analysis</i> July to September 2008	<ul style="list-style-type: none"> • Identification of provider issues associated with the existing ESS. • Establish a prioritised list of focus areas for systems development work and identifying different system solutions. 	<ul style="list-style-type: none"> • Face to face meetings with provider CEOs • LiveMeet sessions for operational staff • All provider discussions on system design options and directions were restricted to publicly accessible LiveMeet web conference sessions or recorded face to face sessions
Phase 2 <i>Detailed Analysis, Design and Construction</i> July 2008 to March 2009	<ul style="list-style-type: none"> • Finalise design of ESS aided by prototypes. 	<ul style="list-style-type: none"> • Detailed system prototypes were presented at LiveMeet consultation sessions for review of proposed system work flow support, data input and display functionality
Phase 3 <i>Testing</i> January 2009 to May 2009	<ul style="list-style-type: none"> • Review agreed solutions for ESS. • Identify and resolve emerging issues 	<ul style="list-style-type: none"> • Providers invited to participate directly in usability testing of the system using DEEWR's system usability laboratory in Canberra
Phase 4 <i>Training</i> December 2008 to July 2009	<ul style="list-style-type: none"> • Design of system training arrangements • Review and advise on training plans and products 	<ul style="list-style-type: none"> • Combination of LiveMeet sessions, interactive training via computers, and other training resources accessible via the DEEWR learning centre website
Phase 5 <i>Deployment</i> April 2009 to July 2009	<ul style="list-style-type: none"> • Review impacts on provider operational arrangements 	<ul style="list-style-type: none"> • LiveMeet consultation for provider IT support staff • Provider IT support staff were able to ask specific questions of DEEWR IT specialists during these sessions

Mapping of ESS to ISO/IEC 38500

Principle	Evaluate
Responsibility	<ul style="list-style-type: none"> • Establishment of an advisory board • Agents involved via public consultations
Strategy	<ul style="list-style-type: none"> • New ES = gov. mandate to ↑ employment participation, address skills in demand & sustainable emp. • Gov. needed to ensure all functions in the new ES were supported in the redeveloped ESS • Agents were invited to respond to the Minister's call on ES future direction – >260 submissions • Limited priorities for reengineering were based upon feedback – but driven by gov. requirements
Acquisition	<ul style="list-style-type: none"> • Tender process: ES must have an IT contact person • Gov. mandate, therefore guaranteed budget of \$4.9 billion over the next 3 years
Performance	<ul style="list-style-type: none"> • Current system was basis for the new ESS, so analysis of deficiencies formed a base line • Advisory Board planned, resourced and commissioned the project • Renewed training of service providers was seen as a risk
Conformance	<ul style="list-style-type: none"> • Regular meetings of the ES IT Advisory Group reviewed and advised on progress of the ESS
Human Behaviour	<ul style="list-style-type: none"> • Consult to ensure job seeker & provider needs app. • <i>No public information on current/future demand for HR to support IT-enabled investment or shortfalls</i> • <i>Resource requirements specified but interdependencies were not</i>

Mapping of ESS to ISO/IEC 38500

Principle	Direct
Responsibility	<ul style="list-style-type: none"> Advisory board established new roll out and a transition reference group facilitated changeover Direction provided through boards/groups No obvious CIO reporting, but a gov. mandate
Strategy	<ul style="list-style-type: none"> JSA and ESS arose from reviewing the gov's Social Inclusion Agenda + deficiencies with ES Consult: CEO, face-to-face & live meet sessions Provider consultation via a 3rd Party Software and Data Integration Survey Public consultations with providers & stakeholders All JSA functions supported in redeveloped ESS Feedback via the transition reference group
Acquisition	<ul style="list-style-type: none"> Appropriateness via public and advisory boards, a discussion paper, exposure draft, job seeker sat. surveys, program evals and auditor-gen. reps
Performance	<ul style="list-style-type: none"> Redev. funded by gov's Social Inclusion Agenda Roll-out was built on gov. public IT services, assets and resource portfolios New ESS refers eligible job seekers to providers efficiently & sensitively + providers have more flexibility No evidence of a budget based on full economic life-cycle costs, thus no refinement or sign-offs
Conformance	<ul style="list-style-type: none"> Change management and training were put in place to facilitate achievement of benefits Policies to ensure all ES functions in new ESS Tender process: ES to have an IT contact person Conformance through public and advisory boards, a discussion paper, exposure draft, job seeker sat. surveys, program evals and auditor-gen. reps
Human Behaviour	<ul style="list-style-type: none"> New ESS refers all eligible job seekers to contracted providers efficiently and sensitively Impacts on resources were taken into consideration e.g. training service providers

Mapping of ESS to ISO/IEC 38500

Principle	Monitor
1. Responsibility	<ul style="list-style-type: none"> Regular ES IT Advisory Group meetings reviewed/advised on progress to Advisory Board No obvious CIO reporting, but project was important as it was a government mandate
1. Strategy	<p>This was evidenced by:</p> <ul style="list-style-type: none"> The project being deployed on-time Gov. and provider requirements being addressed Regular Advisory Board meetings which reviewed feedback on discussion papers, consultation sessions and monitored progress However, there was no apparent assessment of business value
1. Acquisition	<ul style="list-style-type: none"> Historically systems were evaluated infrequently Following ESS roll-out, there weren't any obvious reviews against business strategy/investment mix
1. Performance	<ul style="list-style-type: none"> Solely gov. funded so assessment of value one-sided Outcomes measured in terms of cost savings and improved ESS functionality Deployment on schedule, but no obvious comparisons against the business strategy/investment mix
1. Conformance	<ul style="list-style-type: none"> Regular meetings of the ES IT Advisory Group reviewed and advised on progress of the ESS
1. Human Behaviour	<p>Stakeholder participation at all stages of ITG (including in evaluation of the old system) suggests that this aspect was consciously directed by the principal stakeholder. However, formal policies are not evident in the documentation.</p>

Study findings

- The ITG strategies adopted for this deployment helped produce value for affected stakeholders.
 - Strong relational mechanisms
- ISO/IEC 38500:2008 has merit as an analytical framework, providing a sound basis on which to objectively evaluate the corporate governance of IT.
 - The choice of labels for the three main tasks (evaluate, direct and monitor) was confusing as the term evaluate was used to refer to an initial scan of practice, not a final assessment.
 - The standard does not adequately address possible agency effects in inter-organisational contexts.
 - The kinds of relational mechanisms that might be needed
 - Ways to negotiate diverse and sometimes conflicting stakeholder world views
 - There was need for greater balance between the statement of principles and specific procedures for achieving ITG particularly at the operational level.
 - The monitoring component, as specified in the standard, could be further enhanced by the creation of a performance management framework.