MEASURING BUSINESS - IT ALIGNMENT STATUS AND IT GOVERNANCE: SPECIAL REFERENCE TO 3 SELECTED COMPANIES IN SRI LANKA

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Keywords: *Alignment, Governance, Measure, Enterprise*

Introduction

The purpose of this paper is to measure the IT alignment status and IT governance position among 3 selected companies namely Hirdaramani Group, Daya garments and EAM Maliban Textiles (Pvt) Ltd in Sri Lanka. Identifying an organization's alignment status provides an excellent vehicle for understanding and improving the business-IT relationship. Alignment seems to grow in importance as companies attempt to link technology and business in light of dynamic business strategies and continuously evolving technologies (Papp, 1995; Luftman, 1996). IT governance is the responsibility of executives and the board of directors, and consists of the leadership, organizational structures and processes that ensure that the enterprise's IT sustains and extends the organization's strategies and objectives. IT governance enables the enterprise to take full advantage of its information, thereby maximizing benefits, capitalizing on opportunities and gaining competitive advantage. This paper provides a comprehensive mechanism for organizations to evaluate business-IT alignment in terms of where they are and what they can do to improve alignment. Research question is raised as *In what extend the IT governance can contribute to the better business - IT alignment status for the selected companies?*.The selected companies' alignment measured in different domains by focusing every aspect of the IT. It shows that the organization with a better set of IT governance is likely to score better in terms of business - IT alignment and vice versa.

This research has the following objectives:
1. Measure the business IT - Alignment status of selected companies.
2. Measure the IT governance position for the selected companies.
3. Recommend possible suggestions to get a better business - IT alignment.

Methodology

Interview with structured questionnaire method was conducted to gather data from the selected companies. Data were obtained from head of IT and IT managers by directly visiting the selected companies. The head of IT / IT manager (one person form each company) was interviewed with the structured questionnaire to collect the data. Six business IT alignment maturity criteria such as communications, competency, governance, partnership, scope &architecture and Skills and there are 39 sub criteria. Each of the criteria and levels are described by a set of attributes that allow a particular dimension to be assessed using a 1 to 5 Likert scale questionnaire. The above alignment criteria provide an average maturity for each of the six criteria. After assessing each of the six criteria from level 1 to 5, use the results to get an overall assessment level of the maturity for the firm. To measure the IT governance it consist 4 domains namely plan and organize, acquire and implement, deliver and support and monitor and evaluate. These 4 domain consist 59 processes (questions) and there are 0 - 7 levels of possible scores to measure. Each domain gives an average score between 0 - 7 by covering these 59 questions. The average of the 4 domains

will give the overall IT governance score for the entire company. Collected data were entered to excel sheets and derived the relevant charts.

Discussion and Conclusion

Measuring Business - IT Alignment Status:

Success of the organization depends on the effective implementation and alignment of the Information Technology product and services. Business-IT alignment refers to applying IT in an appropriate and timely way, in harmony with business strategies, goals and needs. Alignment addresses both how IT is aligned with the business, and how the business should or could be aligned with IT. The below chart shows business-IT alignment status for the 3 selected companies.
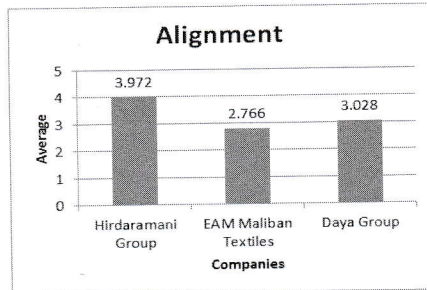

Figure 1. Business IT - Alignment status of 3 companies

Comparing IT governance and Business - IT Alignment illustrating diagram:

This section puts together the results of the business - IT alignment and IT governance measurements in collectively. It shows that, the company with high business - IT alignment maturity clearly possesses better IT governance practices as compared to the company with a lower business - IT alignment maturity. This illustrates the relationship between IT governance and business - IT alignment in clearly.
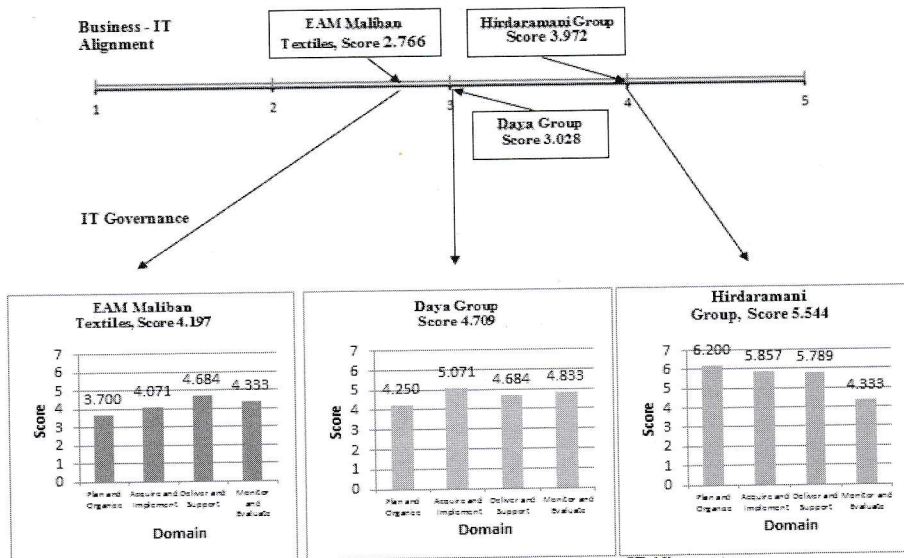

Figure 2: Comparing IT governance and Business - IT Alignment

213

Highlight the business IT alignment status and IT governance position for the selected companies and possible suggestions to get a better Business – IT alignment.

Discussion and Conclusion

The finding shows that, the organization with the lower business - IT alignment results clearly had a lower IT governance implementation status compared to the organization with the highest business - IT alignment maturity. Further the organization with a better set of IT governance is likely to score better in terms of business - IT alignment and vice versa. It is proved that, Hirdaramani Group Score **3.972** highest business - IT alignment and possess**5.544** highest IT governance status. It means it has better IT governance and it reflected on its business - IT alignment. The company EAM Maliban Group Score **2.766**business - IT alignment and has **4.197** IT governance score. This is the lowest IT governance and the lowest business- IT alignment among these three companies. In case of Daya group, it has **3.028** score for Business- IT alignment and have **4.709** second score of IT governance among these 3 companies. Aligning and governing IT product and services with business goals ensures that IT product and services utilized at optimum level. Alignment of business and IT is essential for a successful organization.

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