IT Governance and Performance Contracting (Balanced Scorecard) in Kenyan State Corporations

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ABSTRACT

This paper reports on Information Technology Governance (ITG) in Kenyan state corporations in the context of state corporations reforms that included introduction of performance contracting based on the Balanced Scorecard. The paper highlights among others: the status of IT governance, the contextual issues that make state corporations different in the implementation of ITG as compared to private sector organizations, applicable frameworks in implementing ITG and statistical results from a survey of 60 state corporations. The main pillars of the paper are drawn from COBIT 5, ISO/IEC 38500, Balanced score card performance measurement, Critical Success Factors (CSFs) for IT governance, and theories relating to stakeholder, agency and stewardship.

Several reforms are underway in the Kenyan state corporations among them establishment of the performance contracting department, embrace of IT to drive service delivery and measure performance. The survey respondents reflected not only on the status of implementation but also on the relation between IT Governance and the performance scores attained by their respective corporations. Online questionnaires were sent to the respondents who are staffs in management level in the state corporations. The data was analyzed using frequencies and percentages (descriptive statistics). The statistical association between ITG critical success factors and ITG performance was tested using Chi square.

The study shows that there is no significant scientific proven relationship between performance of the state corporations and embracing of IT governance. Although majority of respondents were of the view that state corporations objectives and IT objectives are harmonized and aligned, most of the respondents reported a disconnect highlighted by the fact that the board was not abreast with the latest innovations in IT. Further challenges exist in the board getting independent assurance on the realization of the predetermined IT objectives. IT training was suggested as the most important element to be considered by the state corporations in order to realize benefits of investing in IT in the Kenya’s state corporations.

The study concluded that performance does not solely rely on IT governance. This implies that performance of state corporations is also dependent on other things but not IT governance alone. Our review of the contextual relationship of ITG in non-private entities points to, among others, political influence in performance criteria. This work serves to inform further work especially to support the existing implementation of ITG in the studied governmental organizations. There is a
need to improve the ITG structures, processes and relational mechanisms that will promote accountability of the IT endeavors such as the ongoing projects in the state corporations’ transformation agenda.

**Keywords**: IT Governance, ITG Critical Success Factors, ITG Frameworks, Balanced Scorecard