Assessing IS organizational performance: Problems and suggestions

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Assessing the information systems (IS) function within organizations has been identified as one of the most critical issues of information systems management. Although this issue has been rated as one of the top 10 critical issues to IS managers for many years, it also appears that assessing IS performance is rated even higher in importance by non-IS managers than by the IS managers. Assessment of the IS organization is important for IS planning, and for identifying and solving IS problems. Despite the importance of the subject to both executive management and IS professionals, not much progress has been made toward understanding how to assess the contribution of the IS function to the enterprise. A true financial or economic (e.g., return on investment) IS evaluation is an illusive concept. Surrogate measures must be used. A thorough IS assessment needs to consider many factors and viewpoints, such as: attitudes of the various "stakeholders," IS planning and priority setting, system development practice and project control, the applications portfolio, operations efficiency, the IS measurement and control system, and IS organizational characteristics. We have developed a sizable list of these factors and measures within factors taken from IS literature and other sources.

Recent research indicates that the perceived performance of an IS organization on particular measures is related to whether or not IS performance on those measures are published in IS performance reports. Therefore, it is important that the measures that are used to assess IS performance accurately address the most important IS performance goals/ issues. Currently, there seems to be little agreement as to which measures are appropriate to use to address the IS performance goals. In our first survey, conducted a year ago, IS managers were asked to recommend five measures to use to assess the performance of the IS organization. Approximately 170 different measures were suggested by the 94 respondents. Only 10 of these measures were suggested by at least 10 percent of the respondents. Over 70 percent of the measures were suggested by only one or two IS managers. Thus, we have many measures to choose from, but little agreement as to which measures to use.

There is, however, generally a high level of agreement between the highest IS managers (CIOs) and their counterparts in the other functional areas of the enterprise as to which performance goals/issues are most important for the IS organization. Our research indicates that the most important IS performance goals include: 1) the accuracy and reliability of data/information, 2) security of critical information resources, 3) backup and recovery planning, 4) user involvement in IS planning and systems development, and 5) IS leadership's understanding of the business. Current research is being performed to discover which of the recommended measures are most appropriate to use to address the most important goals for IS performance.