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Data Governance as a Strategic Management Capability Rather Than an Information Technology Compliance Function

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Abstract

Data governance has become a central organisational concern as firms depend increasingly on data for analytics, digital transformation, regulatory compliance, and operational coordination. Yet many organisations still locate data governance within information technology departments and define it primarily through technical controls, data quality rules, security standards, and regulatory obligations. This article argues that such a framing is too narrow for contemporary data-intensive organisations. When data governance is treated only as an IT compliance function, it is separated from strategic decision-making, business model innovation, customer trust, managerial accountability, and competitive renewal. The objective of this perspective article is to reconceptualise data governance as a strategic management capability. This means understanding data governance not merely as the administration of data assets, but as the managerial capacity to define decision rights, allocate accountability, shape data use, manage risk appetite, and convert data into organisational value. The perspective shows that strategic data governance changes the role of managers, the meaning of risk control, and the metrics by which governance success should be judged. It concludes that organisations seeking to compete through data must elevate data governance from a technical support function to a core management capability owned by senior leaders.

Keywords Data governance, Business value, Perspective, Strategic management capability, IT compliance, Managerial responsibility

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Introduction

Data governance programmes have expanded rapidly as organisations confront growing volumes of data, increasing regulatory pressure, and rising expectations for trustworthy digital operations. Foundational reviews define data governance as the allocation of decision rights, responsibilities, standards, and control mechanisms for data assets, yet organisational practice often reduces it to technical stewardship and compliance monitoring [1]. This reduction is reinforced when data governance is housed primarily in IT, where the dominant priorities become security, metadata, access control, and quality assurance rather than strategic value creation. The result is that data governance becomes visible mainly when failures occur, rather than when strategic opportunities are being designed.

The assumption that data governance is a technical support function is increasingly untenable in firms that depend on analytics, digital platforms, artificial intelligence, and data-intensive customer relationships. Research on information governance and big data analytics shows that governance affects innovation, decision quality, and organisational performance, not merely data control [2]. If data governance shapes what data can be trusted, shared, combined,

monetised, or ethically used, then it directly influences strategy execution. Treating it as a back-office IT responsibility therefore obscures its role in competitive positioning.

This article advances the perspective that data governance is, at its core, a strategic management capability. A strategic capability view asks how organisations build repeatable, managerial routines that allow data to support value creation, adaptation, and renewal under uncertainty [3]. It also aligns with dynamic capability arguments showing that firms must sense, seize, and reconfigure digital resources rather than merely install technologies [4]. From this standpoint, data governance determines not only how data is protected, but how data becomes usable, accountable, and strategically productive.

The article proceeds by first presenting the central perspective that the IT compliance framing is a category mistake. It then critiques the limits of treating data governance as a narrow control function and contrasts this view with the strategic capability perspective. The later sections develop the managerial, business value, and risk control implications of this reframing, drawing on evidence about analytics capability, governance mechanisms, privacy, digital transformation, and data-driven performance [5]. The practical aim is to provide managers with a clearer logic for moving data governance from IT administration to strategic leadership.

Central Perspective

The central perspective of this article is that framing data governance as an IT compliance function misclassifies the problem. Data governance certainly requires technical expertise, but its essential questions concern who may use data, for what purposes, under what conditions, with which accountability, and toward which organisational goals [6]. These are not merely system administration issues; they are managerial questions about authority, risk, value, and organisational design. When governance is delegated only to IT, the organisation confuses the infrastructure of governance with the strategic purpose of governance.

This category mistake matters because data is not a passive technical resource. Studies of big data analytics capabilities show that firms gain performance benefits when data-related resources are embedded in managerial, organisational, and dynamic capabilities rather than isolated as technical assets [7]. Data governance therefore should be understood as a capability that coordinates data quality, decision rights, business ownership, accountability, and value realisation. Its purpose is not simply to prevent misuse, but to enable disciplined and strategically aligned use.

A strategic management view also reframes risk. In the compliance view, risk is something to minimise through rules, restrictions, and defensive controls; in the strategic view, risk is governed through explicit managerial choices about acceptable data use, innovation boundaries, customer trust, and organisational resilience [8]. This does not weaken compliance; it strengthens it by connecting compliance obligations to business judgement and strategic accountability. The issue is not whether IT should participate in data governance, but whether general management will accept ownership of the decisions that data governance makes unavoidable.

Figure 1 illustrates the article's central reframing of data governance from an IT compliance function into a strategic management capability.

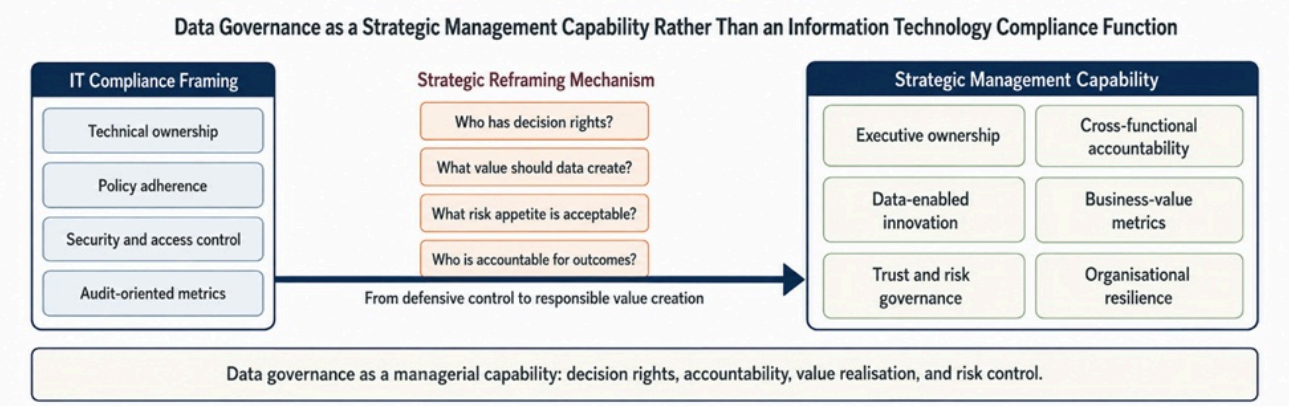


Figure 1. Reframing Data Governance as Strategic Management Capability: From Technical Control to Managerial Value Creation

Limits of Treating Data Governance as IT Compliance

The IT compliance paradigm is attractive because it appears concrete, auditable, and controllable. It translates governance into policies, standards, access rules, and technical checks that can be documented and monitored [9]. However, this same strength becomes a limitation when governance success is judged mainly by adherence to rules rather than contribution to strategic outcomes. A data governance system can be formally compliant while still failing to improve decision-making, innovation, customer value, or competitive responsiveness.

A second limitation is that compliance-led governance tends to privilege standardisation over experimentation. Standardisation is necessary for data reliability, but when treated as the dominant goal it can slow down analytics initiatives and discourage business units from exploring new data-enabled opportunities [10]. Research on big data value creation shows that firms struggle to realise value when data governance and analytics capabilities are disconnected from organisational learning and strategic use [11]. In this sense, excessive control can produce a paradox: the organisation protects data so tightly that it weakens its capacity to learn from data.

A third limitation is that IT-led governance often uses metrics that are detached from business outcomes. Measures such as policy completion, data quality scores, issue resolution time, and system access compliance are useful, but they do not reveal whether governance improves revenue, reduces operational friction, accelerates decisions, or increases customer trust [12]. Studies on effective big data use indicate that managerial alignment, organisational readiness, and governance mechanisms influence whether data resources become valuable in practice [13]. Table 1 contrasts the IT compliance perspective on data governance with the strategic management capability perspective.

Table 1. Data Governance as IT Compliance Versus Strategic Management Capability: Fundamental Differences in Goals, Scope, and Impact

Dimension	IT compliance perspective	Strategic management capability perspective
Primary purpose	Ensure adherence to rules, policies, security requirements, and regulatory obligations	Enable value creation, responsible innovation, strategic decision-making, and organisational resilience
Organisational location	Mainly positioned within IT, data management, security, or compliance functions	Owned jointly by senior management, business units, IT, risk, legal, analytics, and strategy leaders

Core governance question	How can the organisation control, secure, standardise, and document data use?	How can the organisation govern data so that it creates value while staying within acceptable risk boundaries?
Dominant logic	Defensive, risk-averse, procedural, and audit-oriented	Strategic, capability-based, opportunity-seeking, and accountability-oriented
Key actors	IT managers, data stewards, security teams, compliance officers, system owners	Board members, executives, chief data officers, business leaders, governance councils, analytics leaders, and IT specialists
Decision rights	Focused on technical access, data definitions, quality rules, and system controls	Focused on business ownership, data use priorities, investment choices, risk appetite, and value accountability
Success metrics	Policy adherence, audit completion, data quality scores, access control, issue closure	Business value realised, analytics maturity, decision speed, innovation outcomes, trust, efficiency, and risk-adjusted performance
View of risk	Risk is mainly a compliance problem to be minimised	Risk is a strategic management problem to be governed, balanced, and made explicit
View of data	Data is an object to be stored, secured, cleaned, and controlled	Data is a strategic asset whose value depends on managerial capability, organisational routines, and responsible use
Main limitation	Can become bureaucratic, reactive, and disconnected from strategy	Requires senior ownership, cross-functional coordination, and sustained organisational change

A final limitation is that compliance-led governance isolates data governance from strategic planning. Digital transformation research shows that firms must redesign organisational routines, roles, and governance arrangements when digital resources become central to value creation [3]. If data governance enters strategy discussions only after systems are procured or risks are detected, managers lose the chance to shape data use proactively. The strategic failure is therefore not poor IT execution, but delayed managerial ownership.

Data Governance as Strategic Management Capability

Data governance becomes strategic when it is understood as a management capability rather than a technical arrangement. A capability view shifts attention from policies alone to the organisational ability to define decision rights, assign accountability, coordinate data use, and convert data assets into business outcomes [1]. This reframing is especially important because cloud, platform, analytics, and artificial intelligence environments make data governance inseparable from organisational design and strategic execution [14]. In this view, data governance is not the ownership of databases; it is the ownership of the conditions under which data becomes valuable, trusted, and responsibly actionable.

The resource-based view helps explain why strategic data governance can become a source of advantage. Data resources are abundant in many firms, but the ability to organise them, interpret them, protect them, and deploy them across functions is far less common [15]. Analytics studies show that performance gains depend not simply on possessing data, but on building complementary capabilities that connect data, people, processes, and decision routines [16]. Strategic data governance therefore turns data from a scattered organisational input into a managed resource whose value depends on governance quality.

Dynamic capabilities theory further strengthens this perspective because data governance must evolve as markets, technologies, regulations, and business models change. Strategic data governance enables firms to sense emerging data

opportunities, seize them through accountable decision-making, and reconfigure data processes as conditions shift [17]. This is particularly relevant in data-driven transformation, where rigid governance can block adaptation, while absent governance can create uncontrolled risk [4]. The managerial challenge is to design governance that is disciplined enough to protect the firm and flexible enough to support renewal.

This reframing changes the objectives and metrics of data governance. Instead of measuring governance success only through compliance completion or issue closure, managers should evaluate how governance improves analytics maturity, innovation capacity, operational efficiency, customer trust, and strategic responsiveness [18]. Research on information governance and analytics-driven innovation shows that governance mechanisms can support innovation when they are aligned with business goals rather than treated as restrictive controls [2]. The strategic capability view therefore does not replace compliance; it embeds compliance within a broader value-realisation logic.

Figure 2 presents data governance as a dynamic strategic capability that links data resources, managerial routines, and value-realisation outcomes.

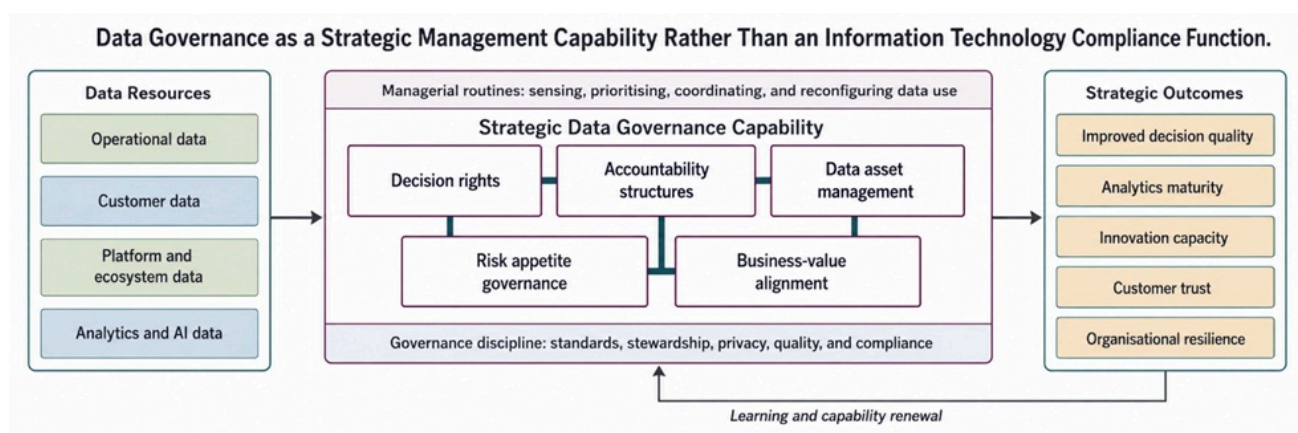


Figure 2. Data Governance as a Dynamic Strategic Capability: Linking Data Resources, Managerial Routines, and Value Realisation

Managerial Responsibilities and Decision Rights

If data governance is strategic, then senior leaders cannot delegate it entirely to technical specialists. Boards and executive teams must define the organisation's data principles, investment priorities, accountability structures, and risk appetite, because these choices determine how data supports strategy [19]. Data governance affects mergers, digital platforms, customer relationships, analytics, artificial intelligence, and regulatory exposure, all of which exceed the boundaries of IT administration [20]. Managerial ownership is therefore not symbolic; it is necessary for aligning data use with organisational purpose.

The Chief Data Officer should be positioned as a strategic partner rather than a technical gatekeeper. In a compliance-only model, the role is often limited to enforcing data quality standards, managing stewardship, or coordinating technical controls. In a strategic model, the Chief Data Officer helps translate business priorities into data priorities, mediates between risk and innovation, and ensures that governance decisions are connected to measurable business value [21]. This requires authority across business units, not merely responsibility inside a data management office.

Cross-functional governance councils are essential because data decisions usually cut across organisational boundaries. Customer data, operational data, financial data, human resource data, and platform data are rarely confined to one department, which means that unilateral IT ownership produces incomplete accountability [22]. Governance councils should include business leaders, analytics specialists, IT, legal, risk, privacy, and operational managers so that data

decisions reflect both value potential and risk exposure. Such councils are most effective when they make explicit decisions about ownership, use rights, prioritisation, escalation, and performance consequences.

Decision rights are the practical core of strategic data governance. Without clear decision rights, organisations may have policies without authority, data stewards without influence, and analytics teams without trusted access to usable data [6]. Strategic governance clarifies who decides what data matters, who can use it, who is accountable for quality, who approves high-risk use, and who measures business impact. This is why data governance belongs in strategic planning and performance management, not only in IT policy manuals.

Business Value and Risk Control Implications

Strategic data governance creates business value by making data more usable, credible, and actionable across the organisation. Big data analytics research shows that firms achieve stronger outcomes when analytics capabilities are supported by organisational routines, decision processes, and governance mechanisms [11]. Governance improves value creation by reducing ambiguity over definitions, ownership, access, and accountability, which allows managers to make faster and more reliable decisions. In this sense, governance is not a brake on analytics; it is part of the infrastructure that allows analytics to matter.

Strategic governance also supports innovation and new forms of value creation. When firms know which data assets they possess, who may use them, and how risks will be managed, they can experiment more confidently with analytics, artificial intelligence, digital services, and data-enabled business models [5]. Research on digital ecosystems shows that organisations face growing complexity when data moves across platforms, partners, and external infrastructures, making governance central to value creation beyond firm boundaries [22]. **Table 2** summarises the business value and risk control implications of treating data governance as a strategic capability.

Table 2. Business Value and Risk Control Implications of Strategic Data Governance: Value Drivers, Risk Mitigation, and Performance Outcomes

Strategic data governance domain	Value creation implication	Risk control implication	Expected performance outcome
Data ownership and decision rights	Clarifies who can mobilise data for strategic and operational decisions	Prevents accountability gaps, duplicated control, and unmanaged data use	Faster decisions, clearer responsibility, and stronger execution discipline
Data quality and shared definitions	Improves analytics reliability and cross-functional comparability	Reduces errors, inconsistent reporting, and poor managerial interpretation	Better decision quality and more reliable performance monitoring
Business-aligned analytics governance	Connects analytics initiatives to strategic priorities and measurable value	Prevents technically impressive but strategically irrelevant analytics projects	Higher analytics return, stronger prioritisation, and improved resource allocation
Privacy and customer trust governance	Enables responsible customer data use and trust-based value creation	Reduces privacy violations, reputational harm, and regulatory exposure	Stronger customer confidence and more sustainable data-driven growth
Cross-functional governance councils	Coordinates data priorities across business, IT, risk, legal, and analytics teams	Reduces siloed decisions and conflicting interpretations of risk	Better organisational alignment and lower coordination failure

Platform and ecosystem data governance	Supports data sharing, partner collaboration, and ecosystem innovation	Manages dependency, access, interoperability, and third-party exposure	More resilient participation in digital ecosystems
Artificial intelligence and algorithmic governance	Enables responsible model development, monitoring, and deployment	Reduces bias, opacity, misuse, and unaccountable automated decisions	More trustworthy artificial intelligence and stronger organisational legitimacy
Data monetisation and value realisation	Identifies opportunities for new products, services, and revenue models	Prevents reckless exploitation of sensitive or low-quality data	Balanced innovation, revenue growth, and risk-adjusted value creation
Strategic risk appetite	Makes acceptable data use explicit at senior management level	Avoids both excessive restriction and uncontrolled experimentation	Better balance between innovation, compliance, and resilience

Risk control also changes meaning under a strategic capability view. Rather than treating privacy, security, and compliance as separate defensive tasks, managers should define the organisation's risk appetite for data use and connect that appetite to strategic goals [8]. Data privacy research demonstrates that trust, fairness, and responsible use are central to market relationships, not merely legal constraints [8]. Therefore, risk control becomes a source of legitimacy and customer confidence when it is governed as part of strategy.

The business value and risk implications are particularly visible in artificial intelligence and process-intensive environments. Governance for trustworthy artificial intelligence requires organisations to manage data quality, accountability, transparency, and public value, not only technical model performance [20]. Similarly, process mining research shows that data governance determines whether process data can be used responsibly and meaningfully for organisational improvement [23]. These examples demonstrate that strategic data governance is both an enabler of value and a mechanism for controlling the risks that arise when data becomes central to organisational action.

Practical Recommendations

Managers should first reposition data governance structurally. Instead of locating it solely in IT or compliance, organisations should establish executive sponsorship, board-level visibility, and cross-functional governance councils with authority over strategic data priorities [19]. The Chief Data Officer should report into a structure that allows influence over business strategy, analytics investment, risk management, and performance outcomes [21]. This repositioning signals that data governance is not a service desk function but a managerial capability for coordinating value and accountability.

Second, governance metrics should be tied directly to business performance indicators. Traditional measures such as policy adherence and data quality remain necessary, but they should be complemented by metrics for decision speed, analytics adoption, innovation outcomes, customer trust, operational efficiency, and risk-adjusted value creation [12]. Research on big data decision-making capability shows that governance mechanisms matter because they shape whether data improves managerial judgement and organisational performance [24]. Managers should therefore ask not only whether data is compliant, but whether governed data is improving strategic action.

Third, organisations should build a maturity pathway from IT compliance toward strategic capability. Early stages may focus on standards, stewardship, and risk control, but later stages should integrate governance into strategic planning, analytics portfolios, artificial intelligence oversight, ecosystem participation, and digital transformation [25]. This pathway requires board-level data literacy, explicit decision rights, investment in governance routines, and a balanced approach to experimentation and control [26]. The goal is not to abandon compliance, but to make compliance part of a broader capability for responsible, value-generating data use.

Figure 3 outlines a managerial pathway for transforming data governance from reactive IT compliance into a proactive strategic capability.

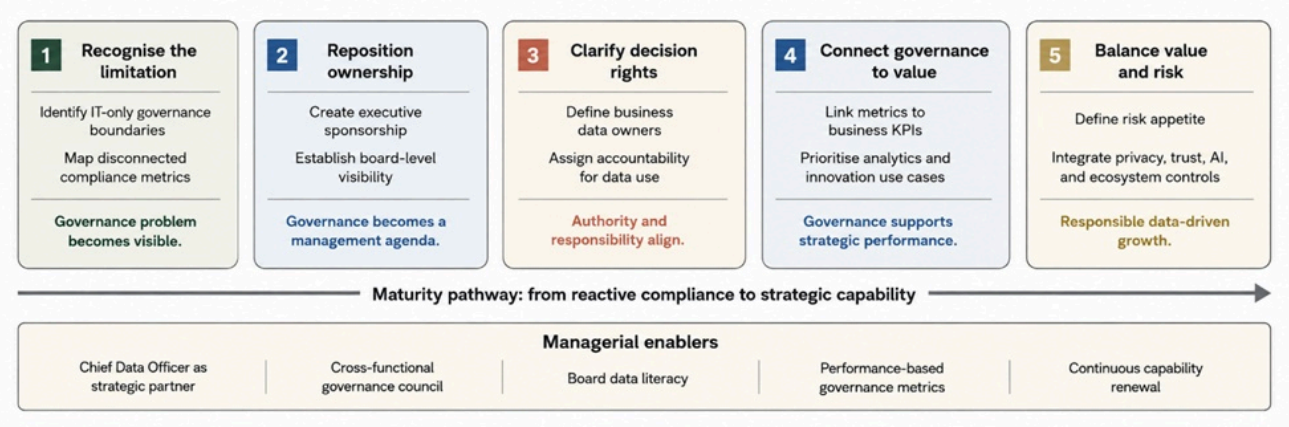


Figure 3. Managerial Pathway for Transforming Data Governance from IT Compliance to Strategic Capability

Conclusion

Data governance remains underused when organisations define it mainly as an IT compliance function. This narrow framing encourages managers to see governance as a technical obligation rather than a strategic discipline that shapes value creation, innovation, trust, and resilience. The central argument of this article is that data governance should be elevated to the level of strategic management capability.

The strategic capability perspective changes what data governance is expected to accomplish. It places decision rights, accountability, risk appetite, analytics value, customer trust, and organisational learning at the centre of governance. It also clarifies that IT expertise remains essential, but insufficient, because the most consequential data governance decisions are managerial decisions.

Management scholars and practitioners should therefore lead the transformation of data governance. Organisations that continue to treat data governance as a defensive compliance function will struggle to realise the full value of their data assets. Organisations that treat it as a strategic capability will be better positioned to compete, innovate, and govern responsibly in data-intensive environments.

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