

COURSE. : **III B. COM (CA)**
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SUBJECT. : MANAGEMENT INFORMATION SYSTEM
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SYLLABUS. : Functional management information system : Financial - Accounting - Marketing - Production - Human resources - Business process Outsourcing.

FUNCTIONAL MANAGEMENT INFORMATION SYSTEMS

Financial information system.

Financial information system is a sub system of organisational management information system. This sub system supports the decision making process of financial functions at the level of an organisation.

A brief description of each of the financial decisions that a financial manager has to take is given below.

Capital budgeting decision----in this decision funds are allocated to long term asset which would yield benefits in the future. Example: funds allocated for land, building, machinery, etc...

Financial decision---the financial manager has to decide about the proportion of equity and debt capital.

Dividend decision-----this decision relates to the dividend policy of the organisation. A decision whether the organisation should distribute all profits or retain them or distribute a portion and retain the balance has to be taken by the financial managers.

Current asset management-----in order to safeguard the org against liquidity or insolvency current assets of the organisation are also required to be efficiently managed.

Accounting information system.

Accounting information system is the part of organisations information system. The information system processes a mixture of quantitative and qualitative data but the accounting information system focuses almost entirely on processing quantitative data. The accounting system and information system must work together in an effective and efficient way.

Accounting information system provide efficient delivery of information needed to perform necessary accounting work and to assist in delivery of accurate and informative data to users especially those who are not familiar with the accounting and financial reporting areas itself. A high value of data processing characterizes these applications.

Data processing consists of 4 major tasks-
data gathering,
data manipulation,
data storage, and
document preparation.

Characteristics of accounting information system:

Performs necessary task
Adheres to relatively standardized procedures
Handles detailed data
Has a primarily historical focus
Provides minimal problem solving information

Sources of accounting information system:

Procedures manual
Management accounts / balance sheets
Financial data
Accounting policies
Tax details
Working capital

Types of accounting information system:

- ☞ General ledger system: this module helps organisations leverage the GL processing speeds available streamline accounting processes and reduce the period end close cycle.

- 📦 Asset management: this module help streamline tracking, depreciation and maintenance scheduling of asset improve productivity with easier access to critical information derive maximum tax benefits and minimize risk of loss or damage to capital assets. It maintains an inventory of the company's long term assets.
- 📦 Order entry system: it captures and manages different kinds of data relating to a transaction such as number of units sold customer billing.
- 📦 Account receivable and payable system: this module helps organisations bill customers automatically from any sales channel, streamline accounts receivables processing and automate the invoicing process.
- 📦 Inventory control system: it captures processes and manages all issues related to the company's inventory such as items in inventory, inventory cost, lost items and damages items.
- 📦 Payroll system: it captures and processes data related to salaries including taxes, other deductions, benefits, overtime and other related data.
- 📦 Cash management: this module helps organisations forecast cash flows in any currency and in multiple time periods, streamline the reconciliation process, monitor exceptions and fraud and manage the cash cycle efficiently with control.

3. Marketing information system (MKIS).

The role of MKIS is to assess the marketing managers information needs then develop the framework for collecting information and distribute the information gathered to the end users in time. The marketing information system is generally carried out marketing need analysis, planning, and implementation and control functions of marketing managers.

The needed information is developed through internal company records, marketing intelligence activities, marketing research and marketing decision support analysis.

Different parts of MKIS:

Accounting information system

Marketing, sales and customer services

Sales force automation

Saves company labours hours and telephone expenses

Capture customer data

Response time to customer inquiries

Market research and intelligence information system

Customer research

Market research

Competitor intelligence

Competitor's products.

“ Operating strengths and weaknesses.

“ Customer service level and customer policies.

“ New product line

4. Manufacturing / Production information system.

Manufacturing information system is a complete set of tool for managing the flow of manufacturing production data throughout the enterprise. This IS was designed to provide tools for both IT and operations personnel who would deliver services to anyone in the plant.

Manufacturing consists of many different disciplinary areas including product engineering, facility design and scheduling, fabrications, and quality control management. Each of them can be dramatically improved by using information systems.

A manufacturing system takes material, equipment, data management and information systems technology as the input and uses manufacturing and information processes to generate better final product as output. The manufacturing designed around the transaction process of raw materials into usable components or materials. These systems are value added processes such as materials processing or support systems such as scheduling.

5. Human Resources information system.

This functional information system supports the functions of human resource management of an organisation. The function involves:

Manpower planning:

It is about deciding the present and future needs of manpower in the organisation.

Training and development:

The need to train and develop the employees is felt due to

A gap between the job requirements and competence of the employee.

The need to develop lower level managers to assume higher level responsibility when required.

Performance evaluation:

This task is concerned with evaluating employee performance at work in terms of pre determined standards and norms. Evaluation or performance appraisal includes the formulation of performance appraisal plans, development of appraisal techniques and programmes etc...

Separation activities:

The employee employer relations may come to an end due to the resignation of an employee, layoff, death or retirement. HRM besides the above mentioned functions is also responsible for the wages and salary administration, sustaining and maintaining the work force in the organisation and maintaining of healthy and peaceful labour management relations. It contains 3 function flow of human resource information system.

Transaction data-----is a basis for various types of output information or analysis. The data includes employee number, name, qualification, experience, joining data etc... Categories and grades of posting and daily performance etc...

Environmental data----includes data about the availability of personnel, trends in the labour force, competition, market offering to the employees, government and labour laws etc...

Organisational plans-----also provide an important input in human resource information system, on the basis of which future planning for recruitment, job assignment, etc...

The applications can be used in DSS

Application of a DSS can be classified into following three categories:

Independent problems- the independent problems are “Standalone problems” whose solutions are independent of other problems. The goal is to find the best solution to the given problem.

Interrelated problem- in interrelated problems solutions are interrelated by each other to find the most effective solution to the group of interrelated problem. These types of problems usually require team effort.

Organisational problems- in Organisational problems all departments within an organisation are included. Such problem required team effort. TQM is a good example of an organisational effort because for it to be effective it requires a joint effort from all departments units in the organisation.

BOOK REFERRED : MANAGEMENT INFORMATION SYSTEM - I BY AMAN
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