Role of Management Information System in an Organization

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Abstract

Management Information System (MIS) provides information for the managerial activities in an Organization. The main purpose of this research is, MIS provides accurate and timely information necessary to facilitate the decision-making process and enable the organizations planning, control, and operational functions to be carried out effectively. The role of the MIS in an organization can be compared to the role of heart in the body. The information is the blood and MIS is the heart. The impact of MIS on the functions is in its management. With a good MIS support, the management of marketing, finance, production and personnel becomes more efficient, the tracking and monitoring the functional targets becomes easy.

Keywords: MIS, Role, Impact, Function, Information, Organization, People, Data, System.

1. Introduction

The role of the MIS in an organization can be compared to the role of heart in the body. The information is the blood and MIS is the heart. In the body the heart plays the role of supplying pure blood to all the elements of the body including the brain. The heart works faster and supplies more blood when needed. It regulates and controls the incoming impure blood, processes it sends it to the destination in the quantity needed. It fulfills the needs of blood supply to human body in normal and also in crisis. The MIS plays exactly the same role in the organization. The system ensures that an appropriate data is collected from the various sources, processed, and sent further to all the needy destinations. The system is expected to fulfill information needs of an individual, a group of individuals, the management functionaries; the managers and the top management.

The MIS satisfies the diverse needs through a variety of systems such as Query Systems, Analysis Systems, Modeling Systems and Decision Support Systems. The MIS helps in Strategic Planning, Management Control Operational Control and Transaction Processing.

The MIS plays the role of information generation, communication problems and helps in the process of decision making. The MIS, therefore, plays a vital role in the management, administration and operations of an organization.

- MIS plays very vital role in the management, administration and operation of the organization.
- The system ensures that an appropriate data is collected from various sources, processed and sent further wherever and whenever required.
- Fulfill the information needs of an individual and top management

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- At every phase of the management process, managers constantly need information in order to make effective decisions.

MIS is required by managers as they make their decisions, such as number of staff required to be employed by each department, their training requirements, career development plans, budgets, overall forecasts, surveys, and progress reports on socio economic conditions.

Figure 1: Role of MIS

2. Why use of MIS in Organization

- Increasing impact of information processing for organizational decision making.
- Dependency of services sector including banking, financial organization, health care, entertainment, tourism and travel, education and numerous others on information.
- Changing employment scene world over, shifting base from manual agricultural to machine-based manufacturing and other industry related jobs.
- Information revolution and the overall development scenario.
- Growth of IT industry and its strategic importance.
- Strong growth of information services fuelled by increasing competition and reduced product life cycle.
- Need for sustainable development and quality life.
- Improvement in communication and transportation brought in by use of information processing.
- Use of information processing in reduction of energy consumption, reduction in pollution and a better ecological balance in future.
- Use of information processing in land record managements, legal delivery system, educational institutions, natural resource planning, customer relation management and so on.

3. Impact of MIS for organization

The impact of MIS on the functions is in its management. With a good MIS support, the management of marketing, finance, production and personnel becomes more efficient, the tracking and monitoring the functional targets becomes

easy. The functional managers are informed about the progress, achievements and shortfalls in the activity and the targets. The manager is kept alert by providing certain information indicating the probable trends in the various aspects of business. This helps in forecasting and long-term perspective planning. The manager" attention is brought to a situation which is exceptional in nature, inducing him to take an action or a decision in the matter. A disciplined information reporting system creates a structured database and a knowledge base for all the people in the organization. The information is available in such a form that it can be used straight away or by blending and analysis, saving the manager's valuable time.

The MIS creates another impact in the organization which relates to the understanding of the business itself. The MIS begins with the definition of a data entity and its attributes. It uses a dictionary of data, entity and attributes, respectively, designed for information generation in the organization. Since all the information systems use the dictionary, there is common understanding of terms and terminology in the organization bringing clarity in the communication and a similar understanding of an event in the organization. The MIS calls for a systemization of the business operations for an effective system design. Since the goals and objective of the MIS are the products of business goals and objectives, it helps indirectly to pull the entire organization in one direction towards the corporate goals and objectives by providing the relevant information to the people in the organization.

4. Using of MIS Functions

MIS is set up by an organization with the prime objective to obtain management information to be used by its managers in decision-making. Thus, MIS must perform the following functions in order to meet its objectives.

The broad functions of MIS are as given below:

- **To improve decision-making:** MIS helps management by providing background information on a variety of issues and helps to improve the decision-making quality of management. The fast and accurate information supplied by MIS is leveraged by the managers to take quicker and better decisions thereby improving the decision-making quality and adding to the bottom line of the company.
- **To improve efficiency:** MIS helps managers to conduct their tasks with greater ease and with better efficiency. This reflects in better productivity for the company.
- **To provide connectivity:** MIS provides managers with better connectivity with the rest of the organization.
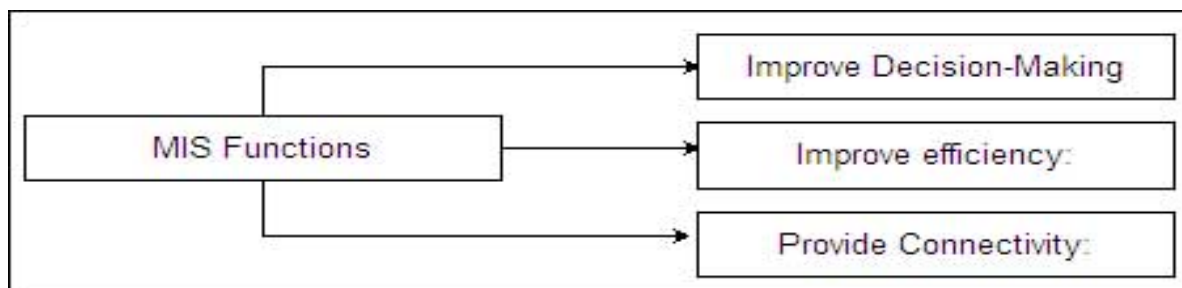

Figure: 2 Functions of MIS

- **Data Capturing:** MIS captures data from various internal and external sources of an organization. Data capturing may be manual or through computer terminals. End users, typically record data about transactions on some physical medium such as paper form or enter it directly into a computer system.

- **Processing of data:** The captured data is processed to convert it into the required management information. Processing of data is done by such activities as calculating, comparing, sorting, classifying and summarizing.

- **Storage of information:** MIS stores processed or unprocessed data for future use. If any information is not immediately required, it is saved as an organizational record. In this activity, data and information are retained in an organized manner for later use. Stored data is commonly organized into fields, records, files and databases.

- **Retrieval of information:** MIS retrieves information from its stores as and when required by various users. As per the requirements of the management users, the retrieved information is either disseminated as such or it is processed again to meet the exact demands.
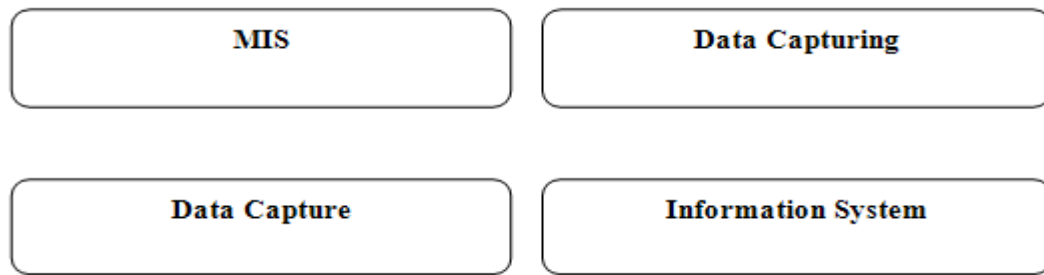
- **Dissemination of MI:**

Figure: 3 **Dissemination of MI**

Management information, which is a finished product of MIS, is disseminated to the users in the organization. It could be periodic, through reports or on-line through computer terminals.

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