Chapter 1

Definition

Management Information System or 'MIS' is a planned system of collecting, storing, and disseminating data in the form of information needed to carry out the functions of management.

Characteristics of MIS

Management information being a specialized information system conforms to certain characteristics. These characteristics are generic in nature. These characteristics remain more or less the same even when the technology around such management information system changes:

Management oriented

One important feature of MIS is that MIS is designed top-down. This means that the system is designed around the need felt by the management at different levels for information. The focus of the system is to satisfy the information needs of management.

Management directed

Since MIS is 'for the' management it is imperative that it also should have a very strong 'by the' management initiative. Management is involved in the designing process of MIS and also in its continuous review and up gradation to develop a good qualitative system. The system is structured as per directions factored by management. This helps in minimizing the gap between expectations of management *form* the system and the actual system.

Integrated

MIS is an integrated system. It is integrated with all operational and functional activities of management. This is an important characteristic and- requirement for a system to qualify as MIS. The reason for having an integrated system is that information in the managerial context for decision-making may be required from different areas from within the organization. If MIS remains a collection of isolated systems and each satisfying a small objective, then the integrated information need of managers will not be fulfiller. In order to provide a complete picture of the scenario, complete information is needed which only an integrated system can provide.

Common data flows

Through MIS the data being stored into the system, retrieved from the system, disseminated within the system or processed by the system can be handled in an integrated manner. The integrated approach towards data management will result in avoiding duplication of data, data redundancy and will help to simplify operations.

Strategic planning

MIS cannot be designed overnight. It requires very high degree of planning which goes into creating an effective organization. The reason for this kind of planning is to ensure that the MIS being built not only satisfies the information need of the managers today but can also serve the

organization for the next five to ten years with modifications. Sometimes when the planning part is done away with, systems tend to perform well in the present but they tend to become obsolete with time. Planning helps to avoid this problem.
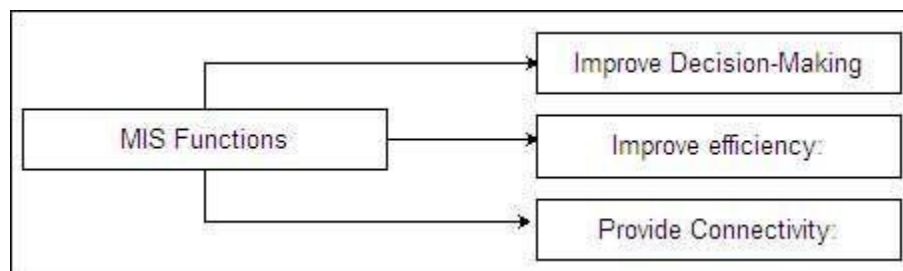
Bias towards centralization

MIS is required to give 'one version of the truth', i.e., it must supply the correct version of the latest information. There is a requirement for the data repository to be centralized. Centralized data management helps MIS to exercise version control as well as provide an integrated common view of data to the managers. In a non-centralized system, data will get entered, updated and deleted from the system from different locations. In such a case it becomes difficult to provide correct information to managers. For example, in a decentralized System if a person superannuates from an organization and his superannuating is only recorded in the human resource system but not communicated to the finance department system, then it is quite likely that his salary may be generated by the finance system for the next month. A centralized system where data in entered, updated and deleted from only one location does not suffer from such problems. In a centralized system, the superannuating employee's details are deleted from the master file from which all departments' access data, thereby eliminating the risk of generating his salary for the next month.

MIS Functions

The broad functions of MIS are as given below:

1. **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.
2. **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.
3. **To provide connectivity:** MIS provides managers with better connectivity with the rest of the organization.

Importance of MIS

1. Management Information System is always management oriented and keeps in view every level of management and gets the desired information.

2. Integrated – refers to how different components(sub systems) are actually tied up together. eg: different departments of organization linked together.

3. Useful for planning – as every organization makes log-term and short-term plans with the help of information like sales & production, capital investments, stocks etc management can easily plan..

4. Effective Management Information System helps the management to know deviations of actual performance from pre-set targets and control things.

5. It's important for increasing efficiency.

6. MIS provides updated results of various departments to management.

7. MIS is highly computerized so it provides accurate results.

8. MIS adds to the intelligence, alertness, awareness of managers by providing them information in the form of progress and review reports of an ongoing activity.

9. Helps managers in decision- making.