Information Requirements with Particular Reference to Management Levels

Types of Information that are required at Different Levels of Management-Information, as required at different levels of management can be classified as operational, tactical and strategic.

1. Operational information:

Operational information relates to the day-to-day operations of the organisation and thus, is useful in exercising control over the operations that are repetitive in nature. Since such activities are controlled at lower levels of management, operational information is needed by the lower management.

For example, the information regarding the cash position on day-to-day basis is monitored and controlled at the lower levels of management. Similarly, in marketing function, daily and weekly sales information is used by lower level manager to monitor the performance of the sales force.It may be noted that operational information pertains to activities that are easily measurable by specific standards. The operational information mainly relates to current and historical performance, and is based primarily on internal sources of data. The predictive element in operational information is quite low and if at all it is there, it has a short term horizon.

2. Tactical information:

Tactical information helps middle level managers allocating resources and establishing controls to implement the top level plans of the organisation. For example, information regarding the alternative sources of funds and their uses in the short run, opportunities for deployment of surplus funds in short- term securities, etc. may be required at the middle levels of management.

The tactical information is generally predictive, focusing on short-term trends. It may be partly current and partly historical, and may come from internal as well as external sources.

3. Strategic information:

While the operational information is needed to find out how the given activity can be performed better, strategic information is needed for making choices among the business options.The strategic information helps in identifying and evaluating these options so that a manager makes informed choices which are different from the competitors and the limitations of what the rivals are doing or planning to do. Such choices are made by leaders only.

Strategic information is used by managers to define goals and priorities, initiate new programmes and develop policies for acquisition and use of corporate resources. For example, information regarding the long-term needs of funds for on-going and future projects of the company may be used by top level managers in taking decision regarding going public or approaching financial institutions for term loan.

Strategic information is predictive in nature, relies heavily on external sources of data, has a long-term perspective, and is mostly in summary form. It may sometimes include ‘what if’ scenarios. However, the strategic information is not only external information.

For long, it was believed that strategic information are basically information regarding the external environment. However, it is now well recognised that the internal factors are equally responsible for success or failures of strategies and thus, internal information is also required for strategic decision making.

It may be remembered that each type of information has its role to play in managerial effectiveness. Each type of information is needed with varying degree by the managers at all levels. Thus, a part of operational information may be used even by the chief executive officer of a company.

The difference lies in the proportion of each type of information in the total information needs of managers at different levels of managerial hierarchy.

Relevance of Information in Decision Making

Management information systems combine hardware, software and network products in an integrated solution that provides managers with data in a format suitable for analysis, monitoring, decision-making and reporting. The system collects data, stores it in a database and makes it available to users over a secure network.

1. Information Access

Managers need rapid access to information to make decisions about strategic, financial, marketing and operational issues. Companies collect vast amounts of information, including customer records, sales data, market research, financial records, manufacturing and inventory data, and human resource records. However, much of that information is held in separate departmental databases, making it difficult for decision makers to access data quickly. A management information system simplifies and speeds up information retrieval by storing data in a central location that is accessible via a network. The result is decisions that are quicker and more accurate.

2. Data Collection

Management information systems bring together data from inside and outside the organization. By setting up a network that links a central database to retail outlets, distributors and members of a supply chain, companies can collect sales and production data daily, or more frequently, and make decisions based on the latest information.

3. Collaboration

In situations where decision-making involves groups, as well as individuals, management information systems make it easy for teams to make collaborative decisions. In a project team, for example, management information systems enable all members to access the same essential data, even if they are working in different locations.

4. Interpretation

Management information systems help decision-makers understand the implications of their decisions. The systems collate raw data into reports in a format that enables decision-makers to quickly identify patterns and trends that would not have been obvious in the raw data. Decision-makers can also use management information systems to understand the potential effect of change. A sales manager, for example, can make predictions about the effect of a price change on sales by running simulations within the system and asking a number of "**what if the price was**" questions.

5. Presentation

The reporting tools within management information systems enable decision-makers to tailor reports to the information needs of other parties. If a decision requires approval by a senior executive, the decision-maker can create a brief executive summary for review. If managers want to share the detailed findings of a report with colleagues, they can create full reports and provide different levels of supplementary data.