***Unit 3: Information Systems***

***How Our Business Works***

**(M3** generate valid, accurate and useful information)

**Introduction**

For M3, the reports should be valid, accurate and relevant, i.e. show useful information that is, importantly, fit for purpose. I am going to first state what the department does and what it is. After, I am going to analyse information by presenting a graphical format of the information. The three information that I am going to analyse is the following:

* Marketing
* Finance
* Human resources.

**Human Resources-** Human resources role is to manage all the information for the employees, customers and employers. They ensure the working environment is safe and eligible to work. They recruit new candidates for the job, if there are any vacancies and provide training for the candidates. In addition, they can make people redundant, if costs are too high. They raise alertness of workplace legislation. This all links to the functional areas stated above; *finance, government, marketing*. **Finance** links to HR, because HR needs to information of how much wages/salaries they get and finance needs the details of the employees. In addition, it links to **marketing,** because if my business is being promoted. They would need information where to contact me if there is any vacancy. HR links to **government,** because taking off taxes the employee’s salaries; they would need the employee’s details of how much they are being paid, name, and address.

**Secondary** data means data that is already collected. This links to my business because I need to find information about my customers to fulfil their needs. I can collect this on the internet to find what my customers think of the business. Employers in a business should rely more in primary data than secondary data, because this data can be not up-to-date and unreliable.

Some examples of secondary data can be:

* Internet
* Books
* Magazines
* Newspapers

2012

2011

2013

As you can see above, all the three graphs represent how much my employees for Human Resources department receive annually. The three graphs show each year of how much the employees used to get. Each of the employees have specific jobs. I have ‘Staff X2’ because they have a normal job as in if any leaflets/reports needing to complete, they would complete it for the person. If any emails need to be sent to other employees, they would deal with the issues. The manager oversees what the job has been. Therefore, he is the manager of the department. The accountant is important because he can deal with numbers/accounts/wages for employees. Accountants usually get paid a lot but I have their starting price as £40,000. This would gradually increase. If any problems have occurred, they could deal with it to the accountant. As the graphs indicates from 2011, the wages have increased. However, the wages have stayed the same in 2013. I think the wages that have been set out is appropriate. They could change based on their performance. Bonuses could be available if staff put in extra hours and work. I have increased the wages because they would be motivated to do more work. The wages could be a huge problem and it effects the profits. As a result, the only solution could be is to redundant some staff to cut out wages and I could use that money to invest in other departments. Another solution could be is to put in people for work experience and voluntary. This is important as we are not paying the volunteer but they are doing work free. I could save a lot more and put more money in other departments.

**Marketing** is the promoting and selling products/services. Marketing links to *Finance and Human Resources.* This links to **finance,** because Marketing needs money to advertise and finance needs information on how much they are spending, whether it’s too much for the cash flow or not. For example if a business wants to advertise to the local newspaper, they would need the money from the finance department, how much it is- is it instalments or one price. **Human Resources** link to Marketing, because if an employer wants to promote its business, marketing department would need his information from the HR department.

**Primary** data means data that has been collected first hand. Therefore, the market research team has to collect the data themselves.

Some examples of primary data can be

* Interviews
* Questionnaires
* Observation
* Focus group
* Surveys

This links to my business, because if a new product were going to be realised such as iPhone 5S, the product owners would need to do some market research. They would collect data for what the customers would want. The biggest advantages for primary data is that its 100% accurate and sufficient. In addition, you can reach a large sample of people. Once they get the data, you can update the product according to the result.

2012

2011

2013

These three graphs representthe sales of the business. Sales are important as they determined if they are making profit or not. As you can see on the graph, they is a clear pattern. Over the two-year period, sales have increased drastically. It is almost double. However, 2013 sales decreased. The pattern has increased in 2012, but dropped in 2013. This is a big issue as it could affect the profit of my company. To recover from this situation, more money needs to be invested in this department. Therefore, we could promote the products so more sales come through. They are many solutions to increase sales. This could be that making aware of social networking users of our business; handing out local residence our leaflets; promoting our business in the local newspaper. These methods could help my business increase sales. However, money is required to do all of these methods. I would like to choose the cheapest way or if any employee knows how to do it, it would be saving a lot of money. Currently, this functional area needs to have a huge budget, as they would promote our company. I would need to expand it. If the pattern continues and sales decrease, the business would automatically fail.

**Finance** manages all the money such as:

* *Wages of employees*
* *Create financial accounts*
* *Pay creditors*
* *Profit*
* *Rent*
* *Income of business*
* *Outcome of business*

They manage all of the mentioned above. This links to ***Marketing, and Government.***

**Marketing** links to finance, because if the Marketing department market their product through leafleting, they would need to contact Finance department to sort out the payment.

**Government** links to finance, because they need to tax all the employees’ salaries. They would need the information of how much they get yearly so the government could contact the finance department of how much the employees needs to be paid. **Quantitative** means number-based. For example, in business cash flow can be an example as it’s number-based. This links to my business by the cash flow being number-based. It gives data for the income of the business and the outcome of the business. This is updated every month. For example, outcome is when the business is giving out money such as; wages to employees, electricity/water/gas bills, repayment of loans.

2012

2011

2013

These graphs indicate what is the outcome and income of the business. As these go in order from 2011 to 2013. It is important we know how much income is coming into the business and how much is going out of the business. Income can be sales, loans and anything that is received to the business. Outcome is wages, raw material, loan (paying back), renting (paying) and anything that the manager is paying for something. In 2011, we have an income of £25,000 and £4500. This is important because to make profit, the income needs to always be higher than the outcome. This is good for a starter business because they have made more than expected. In 2012, we spend more than last year, but it was successful as we make profit. We spent £23,000 and received £30,000. However, we spend over-than expected and we made a loss. This is important because we need to know how much we spent and how much we receive. The only issue that can go wrong in the future is that if this continues, the business could be a failure. For example, next year we spend 60% and we only receive 40% income. The solution to this problem could be that we analyse with the finance department and the accountant of where we went wrong, where we could cut back and save more money for the future.

**Conclusion**

I created three graphs and analysed them. We did this to predict any future decisions that can be made from these graphs. For example, if the manager doesn’t pay any attention to the income and outcome, they wouldn’t know what to change. The odd readings that I came across is in the Finance department. In 2013, we spent more than we received. The solution we found for this is information is that we will cut out such as; turn the lights off when it is necessary. I can tell whether the data is correct by observing the business for one day. I can check roughly how many sales are made each day. Management Information Systems (MIS) is necessary in any aspect of the business because it can sort out information, edit and enhance it when the user needs it to. It is typically used for managing information and in any business it is important that information is organised and managed well.