

Volume 6

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Presentation Prepared by Student
and Teacher.

Management Information System

Unit 1

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Definition of information system

A management information system (MIS) is a computerized database of financial or entire information of organization, organized and programmed in such a way that it produces regular reports on operations for every level of management in a company. It is usually also possible to obtain special reports from the system easily.

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Management information system, or MIS, broadly refers to a computer-based system that provides managers with the tools to organize evaluate and efficiently manage departments within an organization. In order to provide past, present and prediction information, a management information system can include software that helps in decision making, data resources such as databases, the hardware, resources of a system, decision support systems, people management and project management applications, and any computerized processes that enable the department to run efficiently.

Purpose of MIS

A management information system consists of a set of systems and processes that distributes information to managers. This tool is used to make reports and comprehensive overviews that help managers conduct performance reviews and make a wide range of decisions, such as an in-depth analysis of operational concerns. It provides internal reports that are presented in an easily understandable format. Information collected by a MIS is either financial or operational depending on the needs of management.

Objectives

To deliver just enough accurate, relevant, and timely information to the right persons to make better decision.

The key objectives of MIS are the efficient processing of company information and the production of meaningful reports to enable managers to make sound business decisions. To fulfil these objectives, MIS gather, store and analyze corporate data. MIS produce reports in a format that makes corporate data meaningful for managers and provides a solid foundation on which they can base their routine operational and functional decisions. Middle managers are the main users of MIS within an organization as they are the key decision-makers at an operational and functional level.

Role of MIS In Management:

- ▶ 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 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 fulfil the information needs of an individual, a group of individuals, the management functionaries: the managers and the top management.

- ▶ The MIS helps the clerical personnel in the transaction processing and answers their queries on the data pertaining to the transaction, the status of a particular record and references on a variety of documents.
- ▶ The MIS helps the middle management in short term planning, target setting and controlling the business functions. It is supported by the use of the management tools of planning and control.
- ▶ The MIS plays the role of information generation, communication, problem identification and helps in the process of decision making. The MIS, therefore, plays a vital role in the management, administration and operations of an organization.

Types of Management Information System

Management information system (MIS) is a computer-based system that provides the information necessary to manage an organization effectively. An MIS should be designed to enhance communication among employees, provide an objective system for recording information and support the organization's strategic goals and direction. There are four types of MIS.

Transaction Processing Systems

These systems are designed to handle a large volume of routine, recurring transactions. They were first introduced in the 1960s with the advent of mainframe computers. Transaction processing systems are used widely today. Banks use them to record deposits and payments into accounts. Supermarkets use them to record sales and track inventory. Most managers use these systems to deal with tasks such as payroll, customer billing and payments to suppliers.

Some examples of TPS

- ▶ Payroll systems
- ▶ Order processing systems
- ▶ Reservation systems
- ▶ Stock control systems
- ▶ Systems for payments and funds transfers

The role of TPS

- ▶ Produce information for other systems
- ▶ Cross boundaries (internal and external)
- ▶ Used by operational personnel + supervisory levels
- ▶ Efficiency oriented

Management Information System

- ▶ For historical reasons, many of the different types of Information Systems founding commercial organizations are referred to as "Management Information Systems". However, within our pyramid model, Management Information Systems are management-level systems that are used by middle managers to help ensure the smooth running of the organization in the short to medium term. The highly structured information provided by these systems allows managers to evaluate an organization's performance by comparing current with previous outputs.

Some examples of MIS

- ▶ Sales management systems
- ▶ Inventory control systems
- ▶ Budgeting systems
- ▶ Management Reporting Systems (MRS)
- ▶ Personnel (HRM) systems

The role of MIS

- ▶ Based on internal information flows
- ▶ Support relatively structured decisions
- ▶ Inflexible and have little analytical capacity
- ▶ Used by lower and middle managerial levels

Decision Support Systems (DSS)

A DSS is an interactive computer system that can be used by managers without help from computer specialists. A DSS provides managers with the necessary information to make intelligent decisions. A DSS has three fundamental components:

Database management system (DBMS): Stores large amounts of data relevant to problems the DSS has been designed to tackle's. Model-based management system (MBMS):

Transforms data from the DBMS into information that is useful in decision making.

Dialog generation and management system (DGMS): Provides a user-friendly interface between the system and the managers who do not have extensive computer training.

Some examples of DSS

- ▶ Group Decision Support Systems (GDSS)
- ▶ Computer Supported Co-operative work (CSCW)
- ▶ Logistics systems
- ▶ Financial Planning systems
- ▶ Spreadsheet Models

The role of DSS

- ▶ Support – structured or semi-structured decisions
- ▶ Have analytical and/or modelling capacity
- ▶ Used by more senior managerial level
- ▶ Are concerned with predicting the future
- ▶ Is effectiveness oriented

Expert Systems and Artificial Intelligence

These systems use human knowledge captured in a computer to solve problems that ordinarily need human expertise. Mimicking human expertise and intelligence requires that the computer (1) recognize, formulate and solve a problem; (2) explain solutions and (3) learn from experience. These systems explain the logic of their advice to the user; hence, in addition to solving problems they can also serve as a teacher. They use flexible thinking processes and can accommodate new knowledge.

Some examples of EIS

- ▶ Executive Information Systems tend to be highly individualized and are often custom made for a particular client group; however, a number of off-the-shelf EIS packages do exist and many enterprise level systems offer a customizable EIS module.

The role of EIS

- ▶ Are concerned with ease of use
- ▶ Are concerned with predicting the future
- ▶ Are effectiveness oriented
- ▶ Are highly flexible
- ▶ Support unstructured decisions
- ▶ Use internal and external data sources
- ▶ Used only at the most senior management levels

Concept of Investment Companies
 Concept of Mutual Fund
 Mutual Fund in Nepal
 Mutual Fund Performance.

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Concept of Investment Companies

- ▶ Investment company is a type of financial institution that issues share to the public. The money, which is received from shareholders is pooled and invested in a wide range of stocks, Bonds, or Money market securities to meet specific investment objectives.
- ▶ Thus, Investment company is an Institutional investor that manages the portfolio for individual investor.

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- ▶ The various investments included in fund's portfolio are handled by professional money managers. In mutual funds each investor shares proportionately in the income and capitals gains and losses that the fund's investment produce. Similarly, each investor shares proportionately in the brokerage expenses, Management fees, and other operating costs incurred by the fund.

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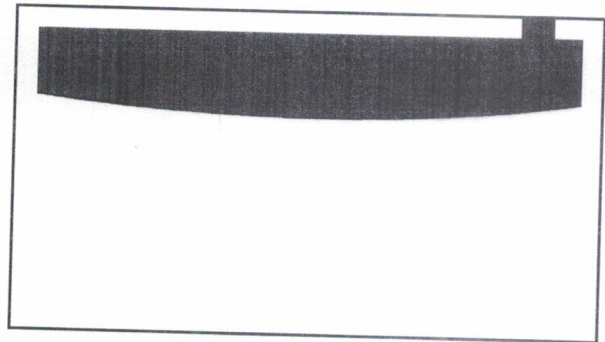
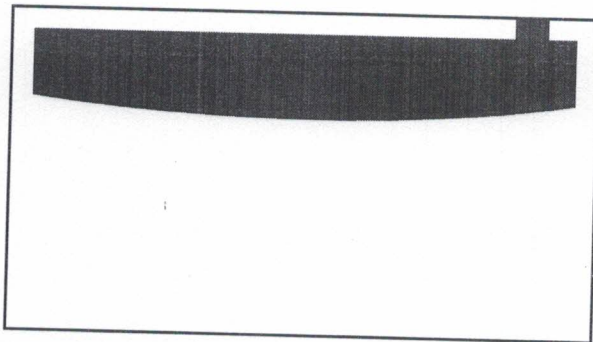
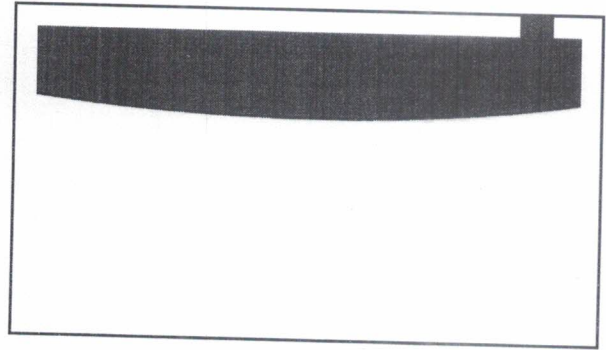
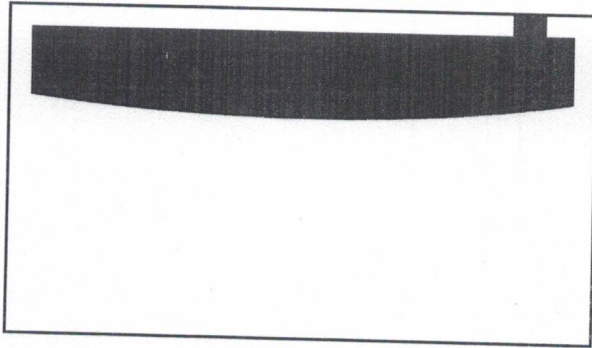
- ▶ Investment company offers various benefits to the small investors. Diversification and professional management are the main advantages of the investment company.
- ▶ Besides this, Investment company provides various benefits like simplicity, lower brokerage costs, tax advantages, and provides high liquidity of the units of investment company.

Concept of Mutual Fund

- ▶ The concept of mutual fund originated in England in late nineteenth century. Some of the earliest British and Scottish investment pools called Trust contributed to the financing of American growth after the civil war. These trusts invested in mortgages, Rail roads, and Industrial companies. The trust were forerunners of today's investment companies that issue fixed number of shares, which are then bought and sold on a stock exchange.

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- ▶ A Mutual fund is a special type of investment institution, which performs the role of investment companies. Mutual funds has a fixed maturity period (Usually 5 to 15 years) and are listed on stock exchanges.
- ▶ Fund establishes set of number of shares and does not issue new shares.
- ▶ They have limited capitalization.



Advantages of mutual funds

- ▶ Professional Management
- ▶ Diversification
- ▶ Economies of scales
- ▶ Liquidity
- ▶ Simplicity

Disadvantages of mutual funds

- ▶ Cost despite negative returns
- ▶ Lack of control
- ▶ Fluctuating returns

Mutual Fund Performance

- ▶ Mutual fund performance has been one of the most widely studied topics in all of the finance. There are two primary reasons for this :
 - ▶ 1. These fund reflect the performance of professional money managers .
 - ▶ 2. Fund data are available for a long time.

Mutual Fund Performance

- ▶ Numerous studies has examined the historical performance of mutual funds. Most analyses of gross performance that about one half of mutual funds have performed better than the overall market on a risk-adjusted basis. However the studies have also found that only about one third of the funds performed better than the market one a risk-adjusted basis, after expenses were taken into consideration. The studies also suggest that fund performance seems to be inconsistent; funds that perform well in one year, or over one portion of market cycle, do not tend to continue to produce superior results in subsequent time periods.

Mutual Fund in Nepal

- ▶ **NCM Mutual Fund, 2050 .**
 - Issued by NIDC capital market in 1993/94.
 - Open end fund
- ▶ **Citizen unit Scheme, 2052.**
 - Issued by citizen investment trust.
 - open end fund.

Mutual Fund in Nepal

- ▶ **NCM Mutual fund, 2059 :**
 - Converted into closed end
 - 10 Years maturity
 - Traded at NEPSE
- ▶ **IN 2007, Mutual fund regulation has introduced.**

Mutual Fund In Nepal

- ▶ **Siddhartha Mutual fund :**
 - First mutual fund company.
 - Siddhartha investment growth scheme -I
 - 5 Years maturity
 - Closed end Type.
- ▶ **Nabil mutual fund:**
 - Closed end type
 - 5 Years maturity
 - Face value Rs. 10 per unit

THANK YOU

