

Consequence of Management Information System In Organizational Profit, Labor And Investment

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This Report Presented in Partial Fulfillment of the Requirements for the Degree of Master of Science in Management Information System.

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APPROVAL

This Project titled “**Consequence of Management Information System In Organizational Profit, Labor And Investment**”, submitted by Sumon Hermon Costa(ID:172-17-355)to the Department of Management Information System, Daffodil International University, has been accepted as satisfactory for the partial fulfillment of the requirements for the degree of MIS in Management Information System and approved as to its style and contents. The presentation has been held on 12thDecember, 2018.

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ABSTRACT

This thesis is on **“Consequence of Management Information System in Organizational profit, labor and investment”**. Management Information System (MIS) is the study of people, technology, and organizations. MIS teach us how business use information to improve the company’s operations, how to manage various information systems so that they best serve the needs of managers, staff and customers. MIS deals with how to create systems for finding and storing data and they learn about computer database, networks, computer security, and lots more. IT and MIS are synonyms to each other. In this paper I will briefly discuss about getting more profit using MIS, impact of investment on IT and changes in job market due to IT, effect of advance technology on worker. The development of new information retrieval methods, as well as the improvement of existing ones, is currently one of the hottest frontiers in the field of information technology.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

In today's world technology has expanded its wings in every sector of development. Management Information System is one of the part of this successor. Investment is the big part for any sort of business. Maximum organization want to get maximum profit by investing less amount of labor cost or other costs. To do ledger, tally and tracking data is take lot of time and need lot of work. Punch card was first introduced by IBM in 1880, then magnetic media was become one media to store data such as floppy disk or tapes, after cd/dvd become for storing data, after that flash drive has become more popular due to the low cost and low volatile. Flash drive can use thousands of time. In every invention of storage the capacity increased with lower cost. The constant increase in technology and information system, more and more powerful software, work that previously took many hours, with little time or human effort. Now a days paper ledger transfer to spreadsheet which is easy to connect with database and as easy to manipulate data. Data security, cyber security and network administration is involved in MIS. Researcher says that "Any organization that does not use MIS simply will not exits for long. This statement would not been true a couple of decades ago, but computer-based information systems are now essential to the survival of any organization." So, for any business firm or organization MIS is an investment and it is reduce the labor cost and improve the profitability.

1.2 Objectives

The objective of the research paper is to describe about the scenario of the labor cost by using IT and at the same time some discussion on how to get more profit through MIS. We can discuss also about the job market situation after using MIS. Because in 21st century IT is a basic or primary investment source for any company. For anybody to run a successful business he/she need to invest in high-quality information systems that will simplify processing data and statistics, either organization or financial. The primary goal for all companies is to reduce human errors and increase efficiency. In this paper you will learn the difference an information system can make to your business:

1. Organizing data

2. Avoid any form of crisis
3. Storage of information
4. Easy decision making
5. You get better perspective on the future of your business.

MIS in many companies play a important role for servicing and installing .Administrator and managers from different department should have more careful about choosing correct information for their job.

1.3 Motivation

The acceptance of Management Information System in any organization has been growing at a fast rate. The use of the technology has enlarged from the automation of structured process to system that are truly revolutionary in that they established change into key business procedures. As a matter of fact, It is believed that “More than being helped by computers, companies will live by them, shaping strategy and structure to fit new information technology”. Literature and the economic perspective has the relationship between information technology and organizational changes. The aim of this article to a clear idea and analyze the economic impact for MIS and also effect on organization behavior. Also the labor cost effect because of implementation of IT.

1.4 Report Layout

In this analysis first chapter consists of introduction, objectives, motivation and report layout of this thesis. The second chapter is on literature review which comprise with related works, scope of problems and challenges. The third chapter is on proposed methodology which consists of research methodology, analysis concept, Impact of information systems on organizations and business firms, Economical Impact, Profit through MIS, Organizational and behavioral impacts, IT flattens Organizations, Postindustrial Organization, Understanding Organizational Resistance to change, Employment: Trickle-Down technology and reengineering, Managing IT infrastructure and management, Enterprise-wide Knowledge management and its value, Major types of knowledge work systems. Chapter four about outcomes. The chapter five on conclusion and future scopes of the work.

CHAPTER 2

LITERATURE REVIEW

2.1 Related Works

There are always different perspective on minimization of labor cost and to get maximum profit. Also the investment is the major part of any business. Actually they are all relate to each other. Sometimes their relation are reciprocal and sometime inverse. The purpose of this research is the to get clear idea on labor cost related to organization profit. By analysis different research paper we can find some related things. Now a days many new data introduced and identified and many new methodology applied also several research has done which are related to IT. Economic growth and consumer surplus has the evidence of improvement of productivity. Moreover, new questions are raises and old puzzles fade. The effect of reducing the labor and the effect of labor cost has a great impact on any business firm or organization. Now a days profit, quality of services and other factors are depends on information technology. Some researcher think that, the increasing demand of MIS will reduce the labor cost as a result many of labor will become jobless. I will discuss briefly how we can balance this issue. In some cases I will illustrate some real life example on how technology has an impact on our business organization and also in global economy.

2.2 Scope of the Problems

In recent time labor market is more competitive than last decade. Many people are become jobless because lacking of proper skill. So the unemployment become is the big issue now a days. Technology take the place instead of a worker. To avoid human error or increase the productivity and concern of time everywhere information technology has taken places.

2.3 Challenges

To implement MIS and in meanwhile balance the labor cost and profit is the big challenge. Every manager find it difficult to keep labor cost down and profits up. Cut stuff reduce the cost while service quality is affected when any organization is understaffed .No manager wants to get shorthanded. Every mistakes are costly also.

CHAPTER 3

PROPOSED METHODOLOGY

3.1 Research Methodology

Comprehensive analysis has done for this study. Different research articles on MIS were read and taken the necessary data. Bellow table shows some list of journal that reviewed.

3.2 Analysis Concept

For doing business E-mail, online conferencing, and cell phones have become essential tools .Supply chain depends on Information systems and it is the foundation of supply chains. To buy, sell, advertise, and solicit customer feedback online , Internet is essential. Organizations deploy their core business process and evolving in digital firm. The internet has decline the costs of producing ,buying, and selling goods on a global scale. New information system trends cover the outgoing mobile digital platform, online software as a service, and cloud computing. The Foundation of any business is Information systems today. To get strategic goal many industries use information technology. There are six major objectives which are got by information

- 1) Perfection of operation
- 2) Recent product
- 3) Business and Service models
- 4) Supplier/Customer intimacy
- 5) Elevated decision making
- 6) Advantages

From a technical point of view information system collects, store, organizational information and provide it for decision making, organizational function, communication, coordination, control, analysis. There are three basic activities by which raw data become information: Input, Process and Output. Information system give a solution of a problem and give the challenge to face off the combination of the management and the technological elements.

The management are dealing with leadership, strategy and organizational and managerial behavior. The information technology deals with computer, hardware, software, data management and computer networking or telecommunication. In the organization the organizational function, specialties, business process, political interest, culture are dealing with information. In order to get proper result organization should invest on information technology and management should have been aware about it. If management and organization want to get new business process, supportive organizational culture, and high return they should support technology. Technology can defined how an organization perform their business process with the coordination of work, information, and knowledge. The information technology department is liable for doing any technological task. They also maintaining hardware, software, data storage etc. Every IT department must have specialist, programmer, system analyst, project leader, and above all information system manager.

3.2.1 Organizational impact

To do minute to minute operation and take decision in a large organization Information technology is deeply engaged. IT has altered the economic condition of an organization over the last decade. Different methods and theories are helping to understand the benefit of using IT.

3.2.2 Economic Impact

If we think from the economical perspective the IT has changed the relative costs of capital and also the information technological cost. This is consider as a factor of replacement of capital and labor. However, cost of information technology decrease when it is substitute by a labor. Therefore, IT has decline the number of middle managers. In the other hand buildings and machinery are relatively costly. Managers increase their invest on IT because reduce relative cost and capital investment. The quality, cost and economic information affected by IT. IT contract the size of the organization it can decline the transaction cost. Must as they do investment on production cost. Market is very expensive to use such as communicating, locating with regular supplier, monitoring contract compliances etc. Actually all firms are try to reduce their transaction costs by hiring more employees and but their own distributors and suppliers. IT always helps any a organization to lower their cost of market participation by using their network. But is less expensive to outsource work to a marketplace rather than hire

employees. Cisco systems and Dell Inc. is outsourcing their production to contract manufactures such as Flextronics instead of making their own production. From the graph we can see that the transaction cost decrease the firm size (the number of employees) because it becomes easy and cheap to contract for the purchase of good services. In 1994 Kodak has 24,000 full time employee and their revenue was \$3.3 billion but when they decrease the number of employee in 2009 and revenue amount is \$10,000 .So the internal management costs reduced by IT. For the growing size of the firm and the employee cost owner must expand the effort on managing and supervising employees. Because of information technology it is very easier for ma manager to monitor the huge number of employee inside and as well a outside.

The figure illustrate that, reducing the overall management cost in IT enable firms to increase profit when shrinking the number of employee of middle managers and workers.



Figure 3.1. Result of transaction cost theory due to the impact of information technology on the organization.

In the above figure we can see that when the transaction cost is high the firm size is also high. But if we reduce the cost the firm size become less. It mean less employee but still the revenue is coming and the dependency on outsourcing and external contractors is increased.

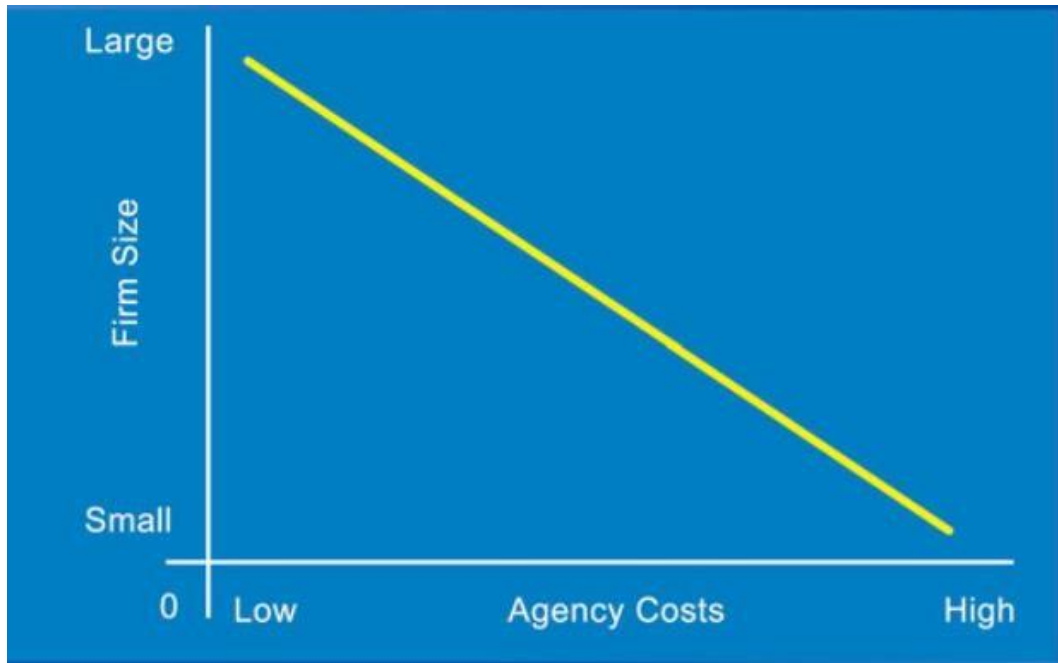


Figure 3.2. Result of agency cost theory due to the impact of information technology on the organization .

We know that , to manage employees we need agency cost. By reducing agency cost management become more efficient. Very few managers needed to manage less employees. Without the IT, it is quite impossible to change any global organization because that become expensive.

3.2.3 Profit through MIS

1) Sales and Marketing through MIS

MIS is needed for sales and marketing. It is also called database marketing. It is analyze all the information of any customer. Information could be collected from customer receipt, credit card, loyalty card etc. MIS aggregate information with trend and patterns. This marketing cost is low and very effective.

2) Human Resource through MIS

Employee data is the asset of human resource manager. Its all about personal information, attendance and hours, payroll etc. All these can be accessible for reducing cost of keeping paper records.

3) Accounting and finance through MIS

MIS is designed to store and aggregate financial data. Result is used both internally and externally by managers, consultant etc. Profit loss statement, and other financial statement is generated by MIS. The secured and full data create the report on financial health of the organization.

4) IT and MIS

Information technology has a dual role. IT system can store data and MIS can analyze data. For IT department different IT assigned person do their minor trouble shooting with much time .Which can be minimize by the data analysis that what kind of trouble shooting take less time and train the individual user for that particular trouble shooting instead of calling the IT help.

3.2.4 The impact of IT in organization and behavior

Many theories based on sociology of complex organization can provide many idea about how and why firms changes the implementation of IT application.

3.2.5 Organization with less labor

The organization those were establish before the computer aged has begun is very slow to change .Many large organization deduct the labor number and the number of the level of that organization. Information technology cut of the hierarchies by empower the low level employee to increase the management efficiency. Always the higher education system helps to take intelligent decision. Because of much more accurate information. As this taken less time so organization need less managers. So the meaning of management has changed with the broadened control assigning high level of managers to manage and control more workers.

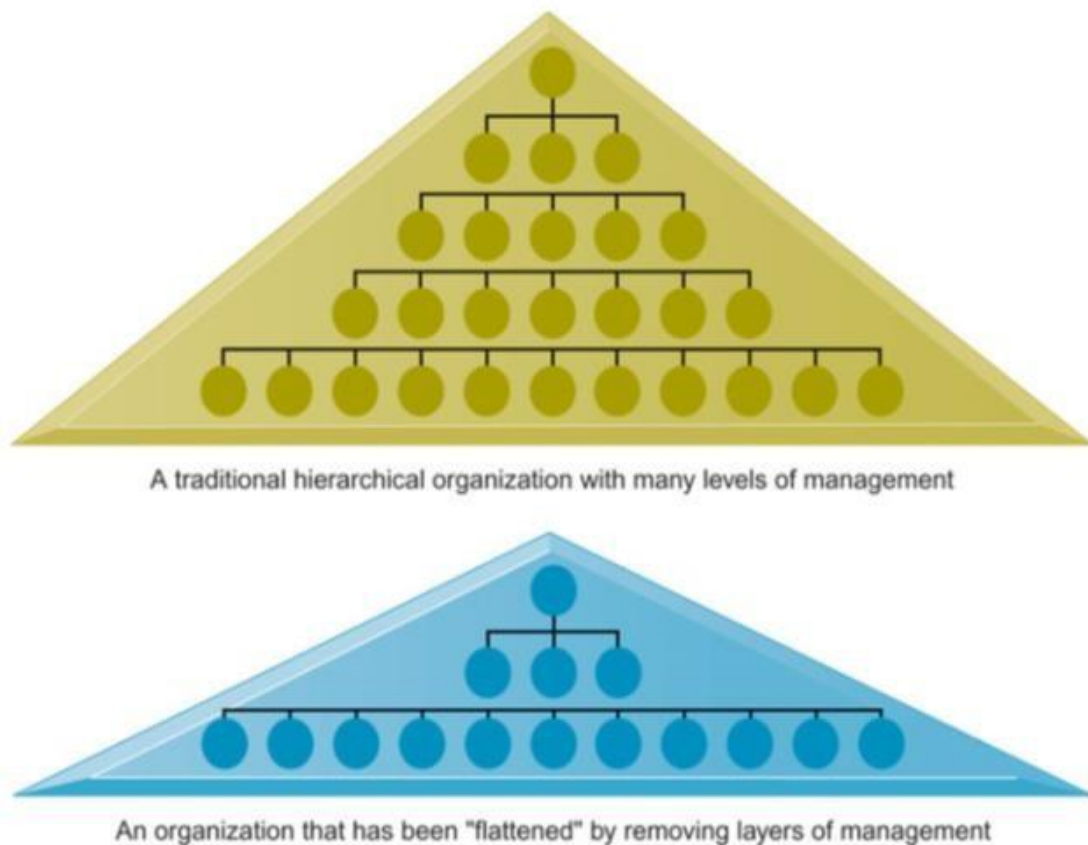


Figure 3.3 Flattening Organizations

Number of levels can be reduced by Information systems by providing managers with information to follow up a large number of workers. The decision making chances of lower level employees is high. Huge number of middle managers are eliminated due to this from companies

3.2.6 Industrial organization

Postindustrial theories also support that IT flatten hierarchies. Knowledge and competence are reliable by authority. Therefore the shape of organization flattens. Self-managing and self-decision making are the characteristics of the professional. When group or professional come face to face and do their job and again they assign for another task.

3.2.7 Acceptance of changing trends

Information system is the part of the policies of any organization. In organization we can know who report to whom, where, when etc. New information system requires personal changes, this practice can be painful for somebody. Because new technology can change organizational

structure, culture, process etc. Bellow figure shows how the organizational task, structure, people and most of technology are inter related.

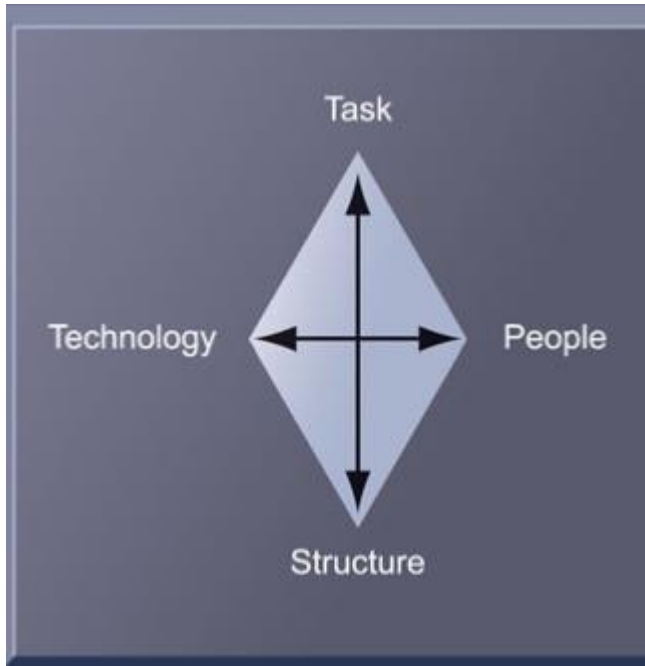


Figure3.4 Relationship between organizational structure, people, task and technology

3.2.8 Reengineering the jobless

Reengineering is major benefit of information technology. Because many mid-level employee lose their jobs. But educated workers from reengineered will get fast job because of growing industries. But it's tough for unskilled, older, less well educated workers. Careful and sensitive planning and decision can help the employee to loss their job.

3.2.9 IT infrastructure management

Major challenge is infrastructure management and governance. Where to make investment and how, it need a solution and guideline. Because total cost in IT investment is an asset. Computer, hardware software has their own cost but up gradation and other issue e.g. training, learning also increase the cost of investment.

3.2.10 Knowledge work system type

It always support the new knowledge and its aggregation in the organization. Its require easy access to external knowledge, powerful hardware which can support software. KWS has to have access to external database and ability to analyze huge data very quickly.

CHAPTER 4

OUTCOMES

The expected outcomes of this research that, we all know Information Technology plays a vital role in every sector. Data collection, Data analysis, Representation, and also Services done by using Information Technology.IT investment and its outcomes are visible in everywhere. To establish Information technology managers should have use every alternate options and sometimes cost minimization should have done. Also the decision making system has to be followed. Managers also create skilled workers and aware them about knowledge management.

CHAPTER 5

CONCLUSION & FUTURE SCOPE

5.1 Conclusion

Cost can be reduce by IT. Firm size shrink day by day. Having fewer managers and revenue per employee increased. Effective and meaningful information improves business performance. IT must be designed such a way that it will fit for organization and persona need. Learning, training can change organization and individuals. Any planed organization always allow to accept the change and allow to apply the changes to operate and prosper of the organization.

5.2 Future Scope

On the basis of this research alternative methodologies for meddling and designing systems can applied in future. Structured methodologies and object oriented development are the most prominent for modelling and designing systems.

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