



MANAGEMENT INFORMATION SYSTEM USAGE IN BUSINESS ACTIVITY - A THEORETICAL PERSPECTIVE

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Abstract

One of the main goals of businesses, especially large ones, is the achievement of the desired objectives. The way to achieve the objectives is the construction of a strategic planning, which needs historical data, a systematic analysis of the operations, an assessment of its mission as well as a clear vision of the objectives. This information is created and provided through well-structured methods of information collection, processing and distribution. These methods in the field of management are known as management information systems (MIS). The main purpose of this paper is to analyze and evaluate the theoretical approaches about the importance of Management Information System as well as the role of its use in business activity. For making a rational decision, the right and timely information is essential and the role of MIS is crucial. By using Management Information System (MIS) business organizations can ensure the flow of



appropriate information between all their units. This process helps managers at all levels in the decision-making process by making the process of planning, control and operational functions more effective. Management Information System improves the quality of planning by providing important information in the decision-making process. Management Information System helps to create an organic and efficient link between planning and managerial control. The development of technology at a dramatic rate makes the role of MIS even more decisive in the strategic planning of business activity.

Keywords: Management information systems, business model, planning, decision-making, efficiency

INTRODUCTION

The structure of business in the world today is undergoing rapid changes. These changes are observed in both developed and developing countries. The application of modern technologies and information systems is considered to be the main force of business development in the future.

An information system is an important resource and should be used by everyone who needs it. Management information system is a concept dating back to the last two decades. Information Systems (IS) and Management Information Systems (MIS) are computer applications created to help the business (including management), to function efficiently and effectively. Both are developed with the use of technology, especially, the computer system. While IS has many types, including MIS, MIS is just one aspect of IS (Francis Kwadade-Cudjoe, 2020). Modern businesses can't survive for long without using some sort of MIS to manage massive amounts of data. MIS produce data-driven reports that help businesses make the right decisions at the right time (Andy Marker (2021).

A Management Information System (MIS) is a subset of the overall internal control of a business covering the application of people, documents, technologies, and procedures by management accountants to solve business problems such as costing a product, service or a business-wide strategy (Munirat, Y., at al. 2014).

Currently, businesses are racing to increase their abilities to survive in competitive markets. For this reason, they strive to advance their level of readiness by improving the decision-making process, so that it is more efficient to meet the successive fluctuations of the market. Strategic planning is the way to achieve the desired objectives. It is divided into three main parts, where we are, where we want to be and how to get there. But each of the three parts must rely on information, whether this information is raw or processed.

Nowadays, one of the most important elements that companies own is information. Without information, it is difficult to make accurate decisions, but without the right information systems, it is not possible to get the right information.

The system ensures the collection of appropriate data from various sources, their processing and delivery to all destinations that need it. It is expected to fulfill the information needs of an individual, a group of individuals and managers of different levels. What makes management information systems a topic of high interest in economic entities is the constant change in technology, the use of technology for management and the impact on its success.

Management information system is a concept related to man, machine and methods for collecting information from internal or external sources and processing this information to facilitate the economic entity's decision-making process. Management Information System is not a new concept, while computerization or automation is. Before the use of computer equipment, MIS techniques existed to provide data to managers so that they could plan and control the operations of the economic entity.

OBJECTIVES

The main purpose of this paper is to analyze and evaluate the theoretical approaches about MIS importance as well as the role of its use in business activity. This objective is intended to be operationalized by completing some specific goals as follows:

- a. What is the role of MIS in business companies in the perspective of strategic planning?
- b. What is the role of MIS in business companies in terms of impact on the business model?

LITERATURE REVIEW

What about MIS

Management information systems provide the necessary information that economic entities need to manage themselves efficiently and effectively (O'Brien, 1999). Management information systems are typically computer systems used to manage five main components: hardware, software, data (information for decision making), procedures (design, development, and documentation), and people (individuals, groups, or organizations).

Management information systems are distinct from other information systems as they are used to analyze and facilitate operational and strategic activities (Lucey, 2005). The main objective of MIS to collect and organize all data coming from various areas of an organization, to support and facilitate the decision-making process, and improve quality to increase the business productivity and profitability.

On the other hand, management information system can be defined as a system based on computer technology that provides information and supports managerial decision-making (Daft. RL, 2010). MIS can be defined as a system for converting data from internal and external sources into information and communicating this information, appropriately, to managers at all levels, in all functions enabling them to obtain effective and timely decisions for planning, directing and controlling the activities for which they are responsible (Lucey, 2004).

Management information systems produce fixed and scheduled reports based on data extracted and summarized from transaction processing systems (TSP) for operational and middle-level managers to identify and present structured and semi-structured problems of decision making (Laudon & Laudon, 2010). The information required to implement a good MIS must be accurate, complete, reliable and available. Additionally, MIS can increase the activities accuracy and time by enabling workers to share information based on their work needs (Maal-Gharaibeh & Malkawi, 2013).

Business entities are interested in voluminous data because it can reveal more patterns and anomalies than in small data sets, with the potential to provide new insights into consumer behavior, financial market activities, or economic phenomena. others (Kenneth C. Laudon, 2014).

In this "information age", producing accurate, relevant and timely information is key to making good decisions. On the other hand, for the economic entity good decision making is the key to survive in a global market. It is said that now we are entering the "age of knowledge".

Data is the foundation of information, which is the foundation of knowledge. Knowledge implies familiarity, awareness and understanding of information when it is applied in a given environment. An important characteristic of knowledge is that "new" knowledge can be derived from "old" knowledge (Coronel, Morris, & Rob, 2011).

MIS is in all levels of management, to facilitate right decision making, planning, and control of executive functions (Alvani, S., & Khosravi, M. 2005).

Simon model defines four phases of the decision-making process:

- Intelligence phase – identifying problems or opportunities
- Design phase – searching for possible solutions
- Choice phase – making decisions
- Implementation phase – implementing the chosen alternative and monitoring it after the implementation

Adequate decisions cannot be taken without the accurate information, which can be provided by Management Information System (Simon, 1977).

Often, innovative use of information systems radically changes the way a firm conducts its business. Therefore, information systems are now an integral part of strategic planning for nearly all business organizations (Sousa, K. 2014).

Management information system provides several benefits to the business organization: to come out with appropriate responses to a business situation; the means of effective and efficient coordination between different departments at all the levels of the organization; access to relevant data and documents; use of less labor; improvement in organizational and departmental techniques; management of day-to day activities (YH Al-Mamary, 2014)

MIS role in business model

For an enterprise information is an important resource like money, machinery and manpower, thus becoming essential for the survival of a business. Of course, information technology represents the main source of information provision and MIS is one of the basic instruments of businesses in this framework.

Business models are fundamentally linked with technological innovation, yet the business model construct is essentially separable from technology (Baden-Fuller, C., & Haefliger, S. 2013). The main purpose of MIS is to help the economic entity meet its goals by providing managers with insights into its regular operations so that they can control, organize and plan effectively. An important role of management information systems is to provide the right information to the right people in the right format and at the right time (Stair & Reynolds, 2012).

According to Pride there are five important functions of Management Information Systems identified as below (Pride, 2009):

- Gathering data – the collection of data that might be useful and relevant for decision-making process.
- Storing data – maintaining and storing data in an efficient structure and using a database to make sure the correct information is available quickly when needed.
- Updating data – make sure that any modifications to the stored data are reflected on the system.
- Processing data into information – the data collected needs to be translated into usable information. Raw data can be converted into relevant information by using analytical methods with information technology.
- Presenting information to users – provide accurate and relevant information at the proper time at all levels of management.

A decision is a choice between different alternatives. At the end, the decision is the result of the selected choice. MIS has the responsibility to support this process in all necessary levels. Management information systems are distinct from other information systems as they are used to analyze and facilitate operational and strategic activities (Lucey, 2005).

"Allowing for some future alternatives is the 'most important part or essence' of strategic planning" (Kane, 1984). Although the "essence" of strategic planning is complex and requires a detailed flow of information, managers should avoid dealing with very small details.

MIS provides faster access to the required information which helps the organization to make effective and timely decisions regarding every aspect such as investments, employments, products, etc. depending upon the organization (Mishra, L. at al. (2015.)

The output of most management information systems is a collection of reports that are distributed to managers. These reports can be customized for each user and distributed at the right time. Management reports can come from various entity databases, data warehouses and other sources. These reports include scheduled reports, key-indicator reports, demand reports, exception reports and drill down reports (Stair & Reynlods, 2012).

The type of information required by business decision-makers is directly related to the level of managerial decision-making and the structure of the decision-making situation that decision-makers face. The levels of managerial decision-making that must be supported by information technology in a successful enterprise (regardless of size, shape or members) are often shown in the managerial pyramid (James A. O'Brien, 2011).

Management information system incorporates many specialized systems like Decision Support System (DSS) and Executive Information System (EIS) Nowduri (2011).

DSS is a user-friendly informational application system that takes various inputs (data) for modelling and, from which is derived the input that would produce the best output (answer) to solve a business problem or query (Francis Kwadade-Cudjoe, 2020).

EIS as a type of MIS facilitates and supports senior executive information and decision-making needs. However, in recent years, the term EIS has merged with Business Intelligence (Francis Kwadade-Cudjoe, 2020).

Business Intelligence (BI transforms raw data into meaningful and useful information for performing business activities, including decision-making by management (Nowduri, 2011).

CONCLUSIONS

The role of information technology is a central position for such organizations, whose activity is generally oriented around information. Information Technology is rapidly becoming a means of communication and integration between the internal functions of the institution,

while internal resources are being adapted to enable the growth of the technological infrastructure. Given these reputational developments, the continuity of operations and decision-making seems increasingly dependent on the stability and reliability of information systems.

Management Information Systems improve the quality of planning by providing important information in the decision-making process. Businesses need good and adequate Information Systems and Management Information Systems to enable them to operate efficiently.

The Management Information System helps us to create a link between planning and managerial control. Through MIS, data can be accessed and analyzed easily, without the need for further manual processing. Management information systems mean that decisions can be made more quickly, and with the confidence that they are up-to-date and accurate. Information integrated from multimedia databases is divided into categories that are meaningful for profitable operations. Significant cost reductions, time savings, increased products and services, and the possibility of process reengineering are associated with the use of MIS.

By using Management Information Systems, business organizations can ensure the flow of appropriate information between all their units. This process helps managers at all levels in the decision-making process by making the process of planning, control and operational functions more effective.

With faster access to the necessary information, managers can make better and faster decisions about procedures, future directions and developments from competitors. There are some challenges for businesses that limit the efficiency of these systems related to the dynamic nature of MIS, which makes its design, programming, monitoring and evaluation require high expertise, which may be lacking in businesses (especially SMEs) or ask for specialized power for this purpose.

It is increasingly evident that organizations cannot operate successfully without MIS implementation. However, a well-trained workforce is also a crucial component in the usage of MIS because they are responsible for utilizing these technologies. Businesses will be more competitive in the market if they have employees who have sufficient knowledge about Management Information Systems and know how to use them.

Reviewing the impact of MIS gives us a solid base for further studies. It's of high interest to us studying Business Intelligence implementation in commercial banks of Albania, as a wider concept that combines MIS with new techniques to analyze large volumes of data to make better business decisions.

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