Computers
In
Business Management

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Basic Concepts :

1) One of the most important human activities in managing. Managing has been essential to ensure the co-ordination of inidividual efforts.
2) Management is the process of desinging and maintaining an environment in which Inidividuals working together in groups efficiently for accomplish selected aims.
3) According to Harold Koontz "Management is the art of getting things done through and with people in formally organized groups. It is the art of creating an environment in which people can perform as individuals towards common goals"

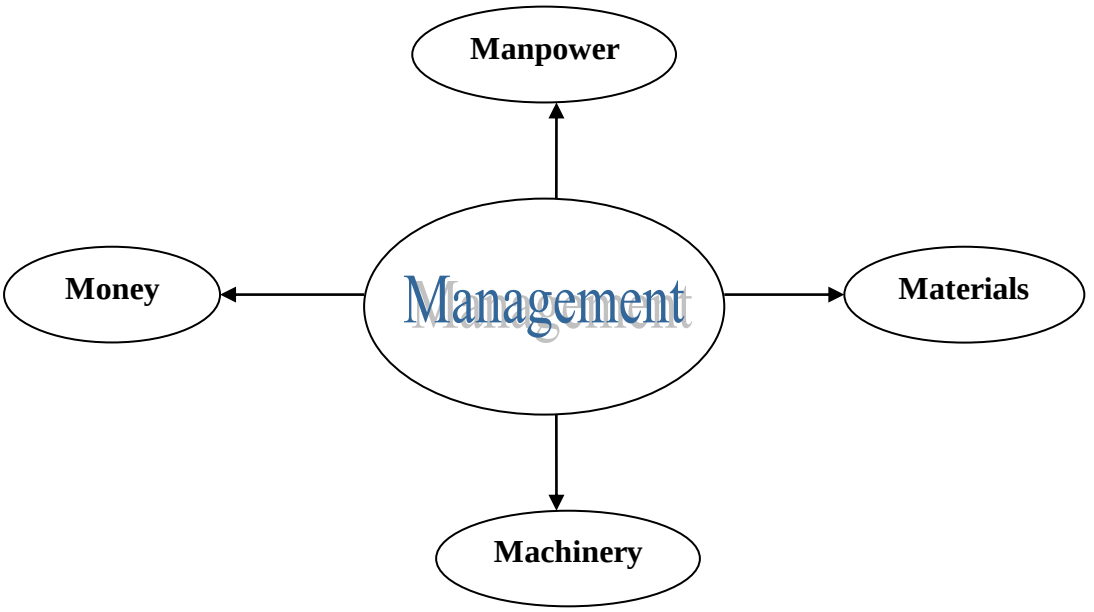
Managerial Functions:-

It is useful to break it down into five managerial functions:-

Planning
Organising
Staffing
Leading
Controlling
Direction
Co-ordination

General Concepts Of Management:-

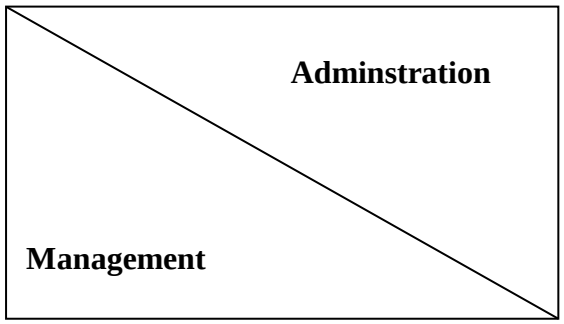
Management as an Activity.
Management as a Process.
Management as an Economic Resource.



Management as a Team
Management as an Academic Discipline.
Management as a Group

Management and Administration

Top Management



Lower Level Management

Seven Concepts for getting results through Management :

Management by Communication (M.B.C.)
Management by System (M.B.S.)
Management by Results (M.B.R)
Management by Exception (M.B.E.)
Management by participation (M.B.P.)
Management by Motivation (M.B.M.)
Management by objectives (M.B.O.)

Three tasks of Management

Plannig Implementation Controlling

General principles of management.

- **Managerial Activities**
  Commercial
  Financial
  Security
  Accounting
  Technical

- **Managerial**
  Planning
  Organisation-Determination of activities, grouping
  Command
  Co-ordination
  Control

Henry Fayol's Activities in Planning:-

Types of Planning

Financial or non-financial planning
Formal or informal planning
Specific or Routine planning
Profit Planning-based on forecast.
Short and long range planning

Henri Fayols 14 Principles of Management :

1) Division of Work
2) Authority and Responsibility
3) Discipline
4) Unity of Command
5) Unity of Direction
6) Subordination of Individual Interest to General Interest
7) Remuneration of Personnel
8) Centralization
9) Scalar Chain (Boss and Employee)
10) Order
11) Equity
12) Stability of Tenure of Personnel
13) Initiative
14) Spirit De Corps (Spirit of Loyalty and Devotion)

MANAGEMENT THINKERS

1) **F.W. Taylor**
2) **Henry L. Gantt.**
3) **Frank B. Gilbreth**
4) **Lillian M. Gilbreth**
5) **Henry Fayol**
6) **Hugo Munsterberg**
7) **Elton Mayo**
8) **Chestern Barnard**
9) **Mery Parker Follet**

Computers in Business Organization

Businesses today rely on computer technology to assist them in almost every area of corporate life. Computers have invaded **grocery stores, fast food restaurants, big businesses and small offices.** They process data, store information, work out complex mathematical problems, track inventory, and even control temperature and lighting in office buildings. Reliance on the high-speed digital computer is so complete that the world of commerce would break up to a sudden stop if computers were removed.

The way computers have invaded our society is remarkable. When we buy something at the store, most likely our purchase will be scanned at the checkout counter by a reader of UPC bar codes. When we bring a package to our local post office to mail, the clerk will put it on a scale that is attached to a computer terminal. After the clerk inputs some information by pressing a few bottoms, the computer package will cost to mail. CAT scans help doctors

view kidneys, hearts, and other body organs to see if they are healthy. Farmers rely on

computers to plan planting and harvesting of crops. Every time you reserve space on an airplane, check your bank statement, or telephone a friend, you are depending on computers.

When we need to let our instructors know that we are not going to be able to make it to class, email is very efficient and fast. Work with computers particularly using the Internet brings students valuable connections with teachers, other schools and students, and a wide network of professionals around the globe.

Third, having access to email is not as expensive as mailing letters to other states and/or countries. We now have to opportunity to get email accounts at no cost to us. In most cases people like to subscribe to companies like America Online or Netscape Navigator. Generally the cost to subscribe is about $15 to $25 per month for unlimited use including email and access to the internet.

Benefits of Internet :

Some of the benefits of the internet are that **it facilitates information on anything**. We no longer have to go to the library to do research. A lot of information that we obtain from the library, we can also get from the internet. Not only can we get information about the first president of the United States, but **we can also shop online**. Now a days, we do not need to go out of our own homes to shop for clothing, furniture and other needs. All we have to do is turn

on the computer and sing on to the internet. It is as simple as one, two, three.

The internet also has its disadvantages. We expose our children to things that are not good for them. For example, racism. There bigoted, hate-group stuff, filled with paranoia; bomb recipes; how to engage in various kinds of crimes, electronic and otherwise; scans and swindles. It only come from what with get from the computer, but also from the computer itself. The danger that even if hours in front of the screen are limited, unabashed enthusiasm for the computer sends the wrong message, that the mediated world is more significant that the real one".

What I ask myself today is, If computer has brought us to this point today, what will the future be like? Today, we have cars, computers, televisions, airplanes, telephones. All of these are the part of our every day lives and because of technology we have them.

Most of what we have today is to our benefit and technology should not be at blame if things go wrong because it is us who misuse technology. It is the human race who go into the computer (the internet) and writes about racism, prejudice, hate-group. It is not the technology that drives the cars under the influence of alcohol and gets into an accident. Technology has only giving us the opportunity for more jobs and for success.

Predicting what lies in the future is virtually impossible, but we do know that whatever it brings, computer technology will be right in the center of it. As computer technology continues to advance and develop for both home and industry, there will be an ever growing need for computer professionals to fill the resulting job openings. Career opportunities in the computer field remain strong, and knowledge of computer technology will continue to become more and more important to workers in every field. "Many jobs obviously will demand basic computer skills if not sophisticated knowledge." The more we learn about the importance of computers and the more computer literate we become, the more chances we'll have of advancement in mostly any field.

Careers which require computers:

- Game Designers, Testers.
- Help Desk Operators
- Secretaries, Writers, Journalists, Teachers, and Sales Professionals
- Accountants, Book-keepers, Business Owners and Managers
- Financial Planners
- Database Programmers and Developers
- Database Administrators.
- Software Engineers.
- Networking Careers:
- Graphics and Design
- Multimedia Careers
- Technician Careers
- Information Systems
- Programming

More Careers which require computers :

Restaurant and Grocery Store Managers. Restaurants, grocery stores, and retail outlet managers use computer systems of all kinds--from handheld units to mainframes--to monitor inventories, track transactions, and manage product pricing. Store managers frequently use portable devices to check stock levels and to change prices. These devices can be networked with a single store's computer system or a chain's wide area network.

Courier Dispatchers. Courier services of all types use computerized terminals to help dispatchers schedule deliveries, locate pickup and drop-off points, generate invoices, and track the location of packages. Such systems are used by cross-town delivery services and by national carriers such as Federal Express.

Construction Managers. Construction managers and estimators use specialized software to analyze construction documents and to calculate the amount of materials and time required to complete a job. These computerized tools--which often read information directly from disk files provided by the architect--help contractors manage costs and make competitive bids. On the job site, construction workers use computerized measuring devices and laser beams to calculate precise measurements quickly.

Field managers and laborers alike routinely use portable computers to check plans and other construction documents or to manage inventories of materials. Automotive Mechanics. Automotive mechanics and technicians use computer systems to measure vehicle performance, diagnose mechanical problems, and determine maintenance or repair strategies. These systems are sometimes networked to regional or national databases of automotive information.

MANAGEMENT INFORMATION SYSTEMS

Before computers, Management Information System (MIS) techniques existed to supply information to managers that would permit them to plan and control operations. The computer has added **dimensions in speed, accuracy and increase volumes of data** that allows the consideration of more alternatives in a decision making process.

The role of 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. MIS ensures that an appropriate data is collected from various sources, processed and sent further to all the needy destinations. The system is expected to fulfill the information needs of an individual, a group of individuals, the managers and the top management.

MIS helps the management at various levels and it is a means of communication where data are collected, processed, stored and retrieved later for making decision regarding planning, operation and control of an organization. It satisfies the diverse needs through a variety of systems such as Decision Support Systems, Query Systems, Analysis Systems, Modeling Systems etc.

Today, Management Information System (MIS) is a network of computer based data processing procedures, developed in an organization and integrated with human being for the purpose of providing timely and effective information to support decision-making and other management functions. MIS, therefore, plays a vital role in the management, administration and operations of an organization.

Definition :

MIS can be defined in various ways, some of which are given below :

a) MIS is "Integrated user machine system for providing information to support operations of management and decision making functions".

b) MIS is a combination of human and computer based resources

that results in collection, storage, retrieval and use of data for the purpose of efficient management operation for business planning.

c) Management information system is a system having a combination of persons, machines, procedures and database, as its elements, which gather data from the internal and external sources of an organization; and after processing these data, supply management information to the managers in an organization, to support the decision-making process of the management.

Scope and Purpose of MIS :

MIS consists of following three parts :

i) Management
ii) Information
iii) System

Management :

Management comprises the process or activities that describe about what manager has to do in the operation of organization. A manager may be required to perform following activities in an organization :

i) Determination of organizational objectives and developing plans to achieve them. They plan by setting strategies and goals by selecting the best course of action to achieve the plans.
ii) Securing and organizing the human and physical resources so that these objectives could be accomplished. They organize the task necessary for the operational plan in groups and assign authority for delegation.

iii) Exercising adequate control over the functions. They control performance of the work by setting performance standards.

iv) Monitoring the results to ensure that accomplishments are proceeding according to plan.

Thus, management comprises the process or activities that describe what manager do in the operation of their organization : plan, organize, initiate and control operations. In other words management refers to set of functions and process designed to initiate and co-ordinate group efforts in organized setting

directed towards promotion of certain interest preserving values and pursuing certain goals. It involves mobilization, combination, allocation and utilization of physical, human and other needed resources by employing appropriate skill approaches and techniques.

Information :

Information consists of data that has been retrieved, processed or used as information for forecasting and decision-making. Data are facts and figures that are recorded and filed for the future decision-making. Thus Data is raw material given for computer processing and after processing it, is known as Information.

System :

System means the set of elements joined together for common objective. A sub-system is a part of larger system. For our purpose organization is the system and the parts division, department, functions, units are sub systems.

The system concept of MIS is one of optimizing the output of the organization by connecting the operating subsystems through the medium of information exchange.

In order to get better grip on the activity of information processing, it is necessary to have a formal system which should take care of the following points :

a) Handling of a voluminous data.
b) Confirmation of the validity of data and transactions.
c) Complex processing of data and multidimensional analysis.
d) Quick search and retrieval.
e) Mass storage.
f) Communication of the information system to the user on time.
g) Fulfilling the changing needs of the information.

Objectives of MIS :

The main objective of MIS is to provide information for decision-making in planning, organizing and controlling the operations at lowest cost and at right time. The following are the objectives of MIS :

a) Timely information
b) Effective information
c) Support decision

Functions of MIS :

A management information system is used to collect data, store and process data and present information to managers. Many organizations design management information system to provide managers with the necessary information to make intelligent decisions.

The second function of MIS is to process data and store information, which will be useful to managers in future. Generally such information is stored on storage devices of computers like magnetic tapes, hard disks etc. as it can be retrieved easily and fast.

Planning :

The general business plan plays an important role in development of MIS. The major points of business plans are :

a) Statement of mission or purpose.
b) Objectives.
c) Strategic plans.
d) Operating plans.

MIS can be successfully implemented in the organization with the help of :

1) Involvement of Top Management in computerization effort, in defining the purpose and goals of computer within the organization.

2) Selection of EDP Manager having skill to involve Managers in choosing application areas, identifying information needs and designing reports.

3) A Computer Staff which has interdisciplinary skills in computer, management and operational research.

4) A balanced expenditure on hardware, software and training.

COMPUTERS AND MIS

The word "computer" comes from the word "compute" which means to calculate. A computer is an electronic device used for processing of data (numbers) and text (words). It performs essentially the following three operations :

1. Receives data or text (and instructions).
2. Processes data (as per the instructions).
3. Output results (information).

Computers are designed to do three kinds of task. First, they can store information and retrieve it on command. Second, they can perform mathematical operations and logical comparisons with great speed and accuracy. Third, they can communicate with the outside world through interface connections to data acquisition and display devices that control electrical equipment.

Use of Computers for MIS :

Computers play major role in MIS. The effect of computer technology to information system can be listed as follows :

a) **Speed of processing and retrieval of data increases** :

Modern business situations are characterized by high degree of complexity, keen competition and high risk and reward factors. This invariably calls for systems capable for providing relevant information with minimum loss of time. Computers with fast computational capability and systematic storage of information have emerged as important factor in modern management.

Processing of data in relevant form and design and retrieval of them when needed in fast requires considerably less time and facilitate the management action and decision-making. The speed of processing and calculations by computer is in

billions per second. Due to this characteristic, computers play a major role in inducing MIS development.

b) **Scope of use of information system** :

The importance and utility of information system in business organizations has made necessary to use computers for MIS development. System experts in business organizations developed areas and functions, were computerized MIS could be used to improve the working of the concern.

c) **Widened Scope of analysis** :

The use of computer can provide multiple type of information accurately and in no time to decision maker. Such information equips an executives to carry out a thorough analysis of problems and to arrive at final decision. Computer is capable of providing various types of sales report for ex. Area-wise sales commission of each salesmen, product-wise sales etc. Such reports are quite useful for analyzing the sales department working and to overcome their weaknesses.

Capabilities of Information Systems

The major capabilities of Information systems are :

1. Perform high-speed, high-volume, numerical computations.
2. Provide fast, accurate and inexpensive communication within and between organizations.
3. Store huge amounts of information in an easy-to-access in small space.
4. Allow quick and inexpensive access to vast amount of information, worldwide.
5. Increase the effectiveness and efficiency of people working in groups in one place or in several locations.
6. Vividly present information that challenges the human mind.
7. Speedy typing and editing.

Classification of Information Systems

Information systems can be classified in several ways i.e. by organizational levels, major functional areas, support provided, and the information system architecture. Generally the structure of these systems is same and contains hardware, software, data, procedures and people. Following are the various types of information systems classified in different ways :

a) *Classification by Organizational Structure* :

Organizations are made up of components such as departments, teams, and work units. Generally most of the organizations have a human resources department, a finance and accounting department, public relations unit etc. These components form an organization that may report to a higher organizational level, such as divisions, or a headquarters, in certain hierarchical structure. One way to classify information systems is along organizational structure lines.

Typical information systems that follow the organizational structure are : department, enterprise and inter-organizational.

1) Departmental Information System : Frequently, an organization uses several application programs in one functional area or department. For instance, in managing human resources, it is possible to use one program for screening applications and another for monitoring employee turnover. Some of the applications might be completely independent of each other, whereas others are interrelated. The collection of application programs in the human resources are is called *human resources information system*.
2) Enterprise Information System : While a departmental information system is usually related to a functional area, the collection of all departmental applications comprises the enterprise information system.

b) Classification by Functional Area :

Information systems at the departmental level support the traditional functional areas of the firm. The major functional information systems are :

1) The Accounting Information System.
2) The Finance Information System.
3) The Manufacturing Information System.
4) The Marketing Information System.

In each functional area, some routine and repetitive tasks exist that are essential to the operation of the organization. Preparing a payroll and billing a customer are typical examples. The information supporting such operations is called as Transaction processing System (TPS).

c) Classification by Support Provided :

A third way to classify information system is according to the type of support they provide, regardless of the functional area. An information support system can support office in almost any functional area, and managers, regardless of where they work, can be supported by a computerized decision making system. The major types of systems under this classification are :

Transaction Processing system (TPS) which support repetitive, mission activities and clerical staff, Management Information System (MIS) which supports functional activities and managers, Office Automation System (OAS) supporting office workers, Decision Support systems (DSS) which support decision making by managers and analysis, Executive Information and Support Systems (EIS) which support executives, Group Support Systems (GSS) which support people working in groups, Intelligent Support Systems (ISS) or Expert Systems (ES) supporting mainly knowledge workers.

DATABASE MANAGEMENT SYSTEMS

2.1 **Introduction** :

Organizations need to manage their data assets very carefully to make sure that the data can be easily accessed and used by managers and employees across the organization.

An effective information system provides users with timely, accurate and relevant information. This information is stored in computer files. When the files are properly arranged and maintained, users can easily access and retrieve the information they need. Well-managed, carefully arranged files make it is easy to obtain data for business decisions.

Role of DSS in Business Functions :

DSS at a corporate level always needs involvement of the user-manager, in an intensive way. The applications of DSS in some of the major decision making areas are as follows :

i) **Finance Function** :

DSS at corporate level in finance needs the database comprising the transaction processing inputs such as cash transactions, receipts, issues, returns, rejections, interests, depreciation etc. The other inputs are in the nature of various accounting rules and procedures, apart from scales of payment. The financial management decisions are made with monthly and annual final accounts, profit and loss accounts, balance sheet etc. In addition, cash accounts are needed by management, apart from cost accounting, pay-roll accounting, suppliers ledger and preparation of capital and operations budget. The corporate areas to be helped are cash planning, credit planning, profit planning and facility planning.

ii) **Personnel Function** :

In personnel, the comprehensive personnel data is included such as prior qualifications, categories and grades of posting, places of transfer, experience gained, new qualifications acquired, training undertaken, disciplinary actions, merit rewards and performance appraisals etc. The DSS looks after the career development planning at grade-wise, experience-wise and qualification-wise profile and decide on fresh areas of training and education.

iii) **Marketing Function :**

In marketing function, the data processed in generally related to production, inspection and dispatch, documents of goods produced and dispatched apart from price schedules. The linkages with order processing gives a vital control on the quantity to be produced or suspended to meet the orders. With the help of DSS, the dynamic inter-facing can help to eliminate a lot of un-necessary order execution and finished goods inventory creation.

iv) **Production Function :**

The basic inputs in production function are the production data collected periodically from all the production shops as and when the main events occur. The corporate DSS involves the performance review on periodic basis; monitoring of in-process inventory; balancing of daily finished and semi-finished stocks; yields and other performance statistics; comparison of the current production with past performance; receipts and consumption of services and energy resources and daily analysis performance.

The corporate production decision-making involves `Production Planning and Control' (PPC). The PPC controls over order processing, involving maintenance of current status of order and dispatch programmes, loading schedules on the basis of dispatch outstanding, stock availability, stock availability and logistic facilities and preparation of dispatch advices etc.

v) Materials Management Function :

Material accounting based on receipts, issues, returns and rejections have been the part of transaction-processing system in all organizations. For the purpose of materials decision-making, comprehensive data bases can have three components of purchasing, inventory and materials review. The purchasing database can help creating a corporate DSS for monitoring of purchase of indents upto acceptance of tenders; monitoring of purchase orders against schedules of delivery; analysis of time delays; vendor rating and monitoring payments against deliveries. The inventory database can help in creating corporate DSS for preparation of standard specifications for regular consumption items; prompt inspection and acceptance of delivered goods; preparation of receipt documents; monitoring of stock balance etc. Materials review database can help in creating a corporate DSS for the on-going review of the various control parameters such as re-order level; re-order quantity etc.

MIS IN FUNCTIONAL AREAS OF MANAGEMENT

Introduction :

There are various functional areas in management. MIS plays major role in various functional areas of management. Managerial end users are required to make decisions in several areas viz. Production, Marketing, Inventory, Finance and Accounting, Personnel and Payroll, Purchase and Sales etc.

Major Functional Information Areas

Production
Marketing
Inventory
Finance & Personnel
Accounting

a) ***Production*** :

The transactions are processed to provide the information about actual production by operational (lower) level management. It provides comparison between planned production and actual production. The information provided through this level is Daily Production Report, Equipment Breakdown Report, Maintenance Report, Inspection Report, Quality Control Report etc.

The managerial control level or middle level management provides reports of Capacity Utilization Report, Production Cost Report etc.

The top level management provides information for production planning and scheduling activities. It provides reports on planning to maximize capacity utilization, planning for reduction in manufacturing cost etc.

The decision support of MIS in production uses different models to simulate or face situation for production planning and scheduling.

b) ***Marketing*** :

Marketing management information system in the lower level (Transaction Processing Level) deals with the hard data about sales calls, orders and invoices transaction, and market research data etc. The typical information provided by this level is in form of sales analysis. The information provided by this level includes Area wise Sales Report, Pearson wise Sales Report and Product wise Sales Report.

The middle level management studies the reports of Lower Level and then plan for performance. This enables user for corrective action. The information supported by this level includes reports on Sales Targets and Actual Sales. It also takes decision by using hard data (data generated through transaction processing) as well as soft data (collected from external sources).

MIS provides information support to the Top Level Management in Marketing through forecasting models, marketing planning, sales projections and estimations etc. Top Level Management takes decision on Product Mix, Promotion Planning, Sales Forecasting, Market Segmentation and Pricing Decisions.

MIS in marketing supports marketing management organization. It consists of following inter-related information sub systems to enhance the decisional capacities in various marketing activities i.e. sales, sales support, sales analysis, market research and intelligence, advertising and promotion, product pricing system, product development, customer service etc.

c) ***Finance And Accounting*** :

Finance and accounting is the most important function in an organization. The role of MIS in Finance and Accounting is very vast. The firms accounting system provides a range of information dealing with revenues, costs, accounts receivables, amounts borrowed and owned, profits, return on investment etc. For large organizations, the accounting system should be flexible as managers at different levels must be able to get information they need. The MIS provides all this information in the required form. It ensures that the information provided is accurate and through enough to satisfy the needs of the organization.

MIS takes care of accounting process such as analyzing of documents to determining which accounts they affect, The transactions are recorded in journals or not, such journal entries are posted in the appropriate ledger accounts or not etc.

The transaction processing level or lower level in Finance and Accounting deals with data processing activities that result in forms of reports such as Ledgers, Subsidiary Ledgers, Cash Books and Bank Book etc.

The middle level management deals with the activities such as Budgetary and Cost Control etc.

The higher level management deals with the activities such as Capital Expenditure against Plans, Financial and Profitability Ratio Analysis, Cost Analysis, strategic plans etc. Strategic Planning deals with Capital Resource Planning, Sources of Funds, Application of Funds, Financial Projections, Profit Projection and Tax Planning etc.

Financial Decision Making :

Financial decision-making deals with procurement of funds and their effective utilization in the business. Thus, there are two important aspects financial decision-making i.e. one relates to decision regarding procurement of funds, and second relates to decision regarding effective utilization of funds in the business.

Procurement of funds is complicated problems as there are number of sources from where the funds may be procured. Funds may be raised from various long-term sources such as equity, debentures, bonds etc., or through various short-term sources such as banks, suppliers, credit etc.

Effective utilization of funds is very important. The several long term and short term assets funds are to be deployed. It is crucial for an organization to employ funds properly and profitably. The funds are procured at a certain cost with certain level of risk. If they are not utilized in a manner so that they generate incremental income over their cost, the business goes in loss. Thus the decision should be properly analyzed while investing in fixed assets.

Decision should be based on techniques of capital budgeting and risk management while investing in long term assets.

MIS in finance helps in estimation of requirement of funds, capital structure decision, capital budgeting decisions, profit planning, tax management, working capital management and current asset management.

d) ***Inventory*** : All organizations need an efficient system to maintain and control the optimum level of investment in all types of inventories. `Inventory' refers to the stock of raw materials and finished goods available in the firm for production and sale. An MIS in inventory control system ensures that proper stock levels of each item are mentioned.
Maintaining optimum level of inventories becomes critical for an organization. The MIS helps organization in :

i) maintaining an optimum level of raw materials and finished goods inventory;
ii) preparation of purchase orders and inventory status report accurately and on time;
iii) preparation of various analysis reports.

The transaction processing or lower level of Material Management information system deals with receipts, storage and issue of material. The term material includes raw material, material in process as well as finished goods. This level provides information through reports on Raw Material Inventory, Raw Material Consumption, Raw Material Costing, Material in Process, Finished Material Inventory etc. This level also provides reports on Excess Inventory, Report on Slow Moving Items and Reports on Non Moving Items etc.

In middle level management of Material, MIS deals with Material Requirement and its availability. This level provides information on Material Requirement and Availability Report, Anticipated Shortages Report.

The higher level management deals with Material Requirement and Resource Planning. It provides information support in terms of Material Requirement, Procurement, Strategies and Optimum utilization of Resources. The concept of "Just In Time Deliveries" or Minimum Inventories demands an information support through strategic planning by higher-level management.

e) ***Purchase*** :

The activities involved in purchasing function are those necessary to acquire goods and services from outside vendors, involving the activities such as account for the expenses and to make payments on a timely and cost effective basis. Purchasing involves (i) purchasing of goods and (ii) purchasing of services.

The MIS keeps track of the purchasing, receiving and accounts payable department and stores the data under common database. This database keeps a track of purchase order and the good received. The purchasing department on receipt of vendor invoice, consults the database to validate the invoice to schedule the payment. MIS stores data related to purchasing, receiving and accounts payable.

f) ***Personnel And Payroll*** :

The purpose of the personnel and payroll function is to hire, pay, account for, and administer employees. Every business has this function; but the nature of this function varies on the size of company, industry, nature and culture of the company, the ratio of salaried to hourly personnel, the state in which the company operates etc. Payroll systems vary. The system may be for hourly employee, another for professionals or may be for organizational executives etc. Large companies diversified into different products may have different systems for each division or unit. Small companies may have very informal personnel function and the payroll function may be by their banks or other agencies.

There are two fundamental sub systems where personnel system keeps track of job, people, assignment, employee reviews, authorized pay rates. The payroll system produced pay cheques, accounts for vacation and sick leave, keeps track of taxes and other accounting functions.

There are companies wherein personnel and payroll and supported by two separate applications. The personnel and payroll departments each maintain their own files and act independently. Some companies integrate these two into a single system and have a database of employed data. Such a database is known as human resource database.

The system must be carefully controlled, as it is often a great hassle. Since the system process is employ finance, there is always a possibility that an employee will make unauthorized changes to his or her pay rates, retirement etc.

Payroll data is sensitive. Most companies prefer that salaries and pay rates are kept confidential. If the company produces its own payroll, the system users and operator will be privy to this sensitive data. Confidentially it is difficult to maintain.

Management Information System keeps track of all these records and maintains the security by allowing only authorized persons to use the system. It also helps in controlling and comparing the data of past record of the employees. The system also generates the payroll, deduction and other general ledger entries related to the employees. It also takes a review of employees undergoing promotions, demotions, terminations, retirements etc.

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THANKING YOU