

SOS POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

MBA HRD 205

SUBJECT NAME: MANAGEMENT INFORMATION SYSTEM

UNIT-IV

TOPIC NAME: INFORMATION CONCEPTS

TYPES OF INFORMATION

There are three types of information:

- A. Strategic information
- B. Tactical information
- C. Operation information

Strategic information:

All organizations plan their strategy according to their needs and requirements. The strategic information refers to what an organization wants to achieve in the short or long term.

The following is the input to formulate the strategic information of an organization:

- (a) External input: Macroeconomic environment, what competitors are doing, change in government policies, etc.
- (b) Internal input: Company vision and mission, top management input, audits and feedback, learning from the past, future challenges, etc.

Collating all this input helps an organization plans its strategy. These strategies have no meaning at all if they are not properly supported by means to achieve them. This is actually tactical information which is nothing more than the enablers to actually implement the strategies.

Tactical information:

An organization needs to do a necessary and sufficiency check for this tactical information. The necessary and sufficiency check actually helps an organization to establish that the tactical information is actually necessary and sufficient for implementation of a strategy.

The basic difference between strategic and tactical information can be explained with a simple example of a steel making company. The steel making company produces different grades of steel at the lowest cost and is a benchmark in the industry. The company wants to sustain the identity of being the lowest cost producer of steel for the long term. So this particular objective of the company should be termed as strategic information as it qualifies as a long-term goal of the company.

Now the company analyzes that it can achieve its target of being the lowest cost producer only if it is able to secure a long-term supply of cheaper raw materials. The long-term supply of cheaper raw materials can, in turn, only be ensured if the company has its' own source of raw materials and it is not dependent on other suppliers. The raw material for the steel company is iron ore, coal, and limestone. All these are natural resources available in the Earth's crust. Therefore, the company decides to acquire new mines so that raw material security can be ensured in the future. This, in turn, supports its strategy of lowest cost producer of steel. Therefore it can be termed as tactical information.

Operation Information:

The lowest level is operational and operational planning takes place based on the tactical plans.

The lowest level of management or workers in an organization implements operational plans. These may be section leaders or foremen in a large organization or workers such as shop assistants, waiting staff, and kitchen staff, etc., in smaller businesses where there is no supervisory layer.

The timescale is usually very short, anything from immediately, daily or at most a week or month.

Results of operational work will usually be passed upwards to let the tactical planners evaluate their plans.

Difference between strategic and tactical information:

1. Strategy refers to the “what” and “why” a company plans to do in the future, and tactical refers to “how” it plans to implement it.
2. Strategy formulation involves consideration of all type of external and

internal input while tactics is actually the actions to implement the strategy.

3. Strategic information is needed for long-term planning and directions.

Tactical information is required to achieve short-term goals to achieve performance and profitability.

4. Strategic information involves a period generally up to five years while tactical information involves a period of up to a year.

Difference between strategic and operation information:

In strategic there is no demand for information to be completely accurate. In operation, information must be accurate to nearest.

By its very nature, future information is subject to uncertainty. Strategic planners must be capable of adjusting to the limitations of the data while in operation, information will have little or no uncertainty as it relates to historical recording of actual events.

Strategic planners will often need to work with only partial information, using assumption and extrapolations to try to build as complete a picture as possible. In operation information the sort of decisions to be made at this level are highly predictable, which enables the information needed to be specified and an appropriate information system built. This will ensure that a complete set of information is available when it is needed.

Some points on strategic, tactical and operation information:

STRATEGIC	TACTICAL	OPERATION
<ul style="list-style-type: none">• Expected government policy• Overall profitability• Competitor analysis	<ul style="list-style-type: none">• Productivity measurements• Budgetary control reports	<ul style="list-style-type: none">• Employee hours worked• Raw materials input to a production

<ul style="list-style-type: none"> • Profitability of division/ segment of the business • Future market prospects • Availability and cost capital • Total cash needs • Resource levels • Capital equipment requirements 	<ul style="list-style-type: none"> • Variance analysis • Stock turnover • Cash flow forecasts • Short- term purchasing requirements • Labour turnover statistics within a department/ factory 	<p>process</p> <ul style="list-style-type: none"> • Hours spent on individuals job • Reject rate • Stock levels
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