

The Financial Information System in Contemporary Organisation: a Comparative Analysis

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Abstract

Financial Information System (FIS) is a system that enables one to run evaluations on financial data. Thus, makes FIS to be a very vital tool for the financial decision of business organization and a 'sacred' system to be protected. Most business establishments use their web site to promote their products and services and avoid mentioning the financial information system being used. Daddo maritime services limited is an indigenous maritime services company that is a part of Daddo Group. Their Financial Information system is mainly the use of Excel and other communication networks being used are: telephone, Internet and Radio communication. The personnel in charge are Accountants and communication Officer respectively. This study is a comparative study that examined allied maritime company like Gac (Gulf Agency company); an international shipping company with branches in over 40 countries including Nigeria but every information on line about its FIS system is not mentioned, likewise a multinational oil company Chevron oil company which only stated its information link ie the new Global Information link (GIL) not their financial information system. This study is descriptive and discovered that the financial information system that is technology based which happens to be .the heart of a business organization. The recommendation includes that Financial Information System (FIS) should be given adequate attention by all organizations

Key words: Financial Information System, Daddo, Maritime services.

Introduction

The information needs of contemporary organizations are rapidly changing. According to Ottih (2006), in the future, the success of any business organisation will depend more on its ability to manage information rather than on its ability to control operations. As organizations have increased in size and scope of operations, the need for co-ordination of the many parts must be considered obvious so that the left hand is aware of the movement of the right. As competition has increased and resource scarcity has left organizations on the precipice of failure, the use of efficiency criterion for the evaluation of organizational effectiveness has gained momentum. The changing environment of organisations and the resultant uncertainty has brought about renewed effort for effective management. Organizations must continuously search their environments or at least put it under surveillance in order to be aware of new opportunities and threats. Whether one is dealing with the issue of internal co-ordination of disparate organisation tasks and decisions to achieve integration and synergy, the judicious management of scarce resources to achieve effectiveness or the scanning of the environment to keep abreast with changing in the environmental domain, information must be at one's service (Laudon and Laudon, 2011). Hence, information system management is the linking process of effective and efficient management of contemporary organisation (Ottih, 2006). The changing global business arena, with its abundance of financial and other information sources, has resulted in a need for information to be processed, understood and analysed by individuals who cannot necessarily make an authentic connection between the financial numbers and the real business world context (Gouws and Shuttleworth, 2009). The understanding of how organisations manage information, especially financial information, has a significant effect on decision-makers' ability to plan strategies and create a competitive advantage. Meaningful information can be regarded as communicated knowledge, and according to Ditillo (2004), the understanding of how an entity can manage knowledge is an issue that has received increasing attention in both theory and practice over the past decade. He also states that "knowledge and the capability to create and utilise such knowledge are the most important sources of competitive advantage" in organisations. Knowledge creation focuses attention on both information and individuals' ability to use it. Edwards, Collier and Shaw (2003) also regard organisational knowledge as an asset, "the use of which is a key driver of competitive advantage". Sharma (1999), states that effective information is necessary for providing rational approach towards decision making for critical problems. Thus the real role of information system is to provide information for decision making and for planning and controlling operations. Information system is to provide management with information for decision making and for planning and controlling purposes. It is on the basis of this that Daferighe (2009) argue that finance information is a vital ingredient in managerial decisions. It is probably the mostly used information in managerial decision. Management's most important task is to get the right information in the right form at the right time. Right information is that which is necessary for effective functioning of the organisation. Sajady, Dastgir and Nejad (2008) emphasise that the information generated from

a finance information system can be effective in decision making process, purchase, installation and usage of such a system are beneficial when the benefits exceed its cost. Hence, the objective of this paper is to examine the relevance of financial information in contemporary organizations. This paper is thus organized into five interconnected sections. Section one, is the introduction as above. Section two reviews theoretical and empirical literatures on the subject matter of the study; section three discusses the methodological issues of the paper; section four presents and discusses the results obtained from the data generated for the study; while section five gives the conclusion and recommendation.

Literature Review

Theoretical Framework: Gregor (2002) states that five types of theories are associated with information system. These theories are (1) analyzing and describing; (2) understanding (3) predicting (4) explaining and predicting (5) design and action. **Descriptive theory** describe or classify specific dimensions or characteristics of individuals, groups, situations or events by summarizing the commodities found in discrete observations. **Understanding theory** explains why and how something occurred. **Predicting theory** predicts outcomes from a set of explanatory factors without necessarily understanding the causal connections between dependent and independent variables. The **explaining theory** documents a systematic view of phenomena specifying relations among variables with the purpose of explaining the phenomena. The **design theory** says how to do something. It is about the methodologies and tools used in the development of information system.

Meaning of Financial Information System

A Financial Information System (FIS) can be described as a system that accumulates and analyses financial data to aid financial management decisions in the running of a business (Okereke and Ogunbiyi, 2011). It can also be defined as “a business software system used to input and track financial and accounting data”. According to Technopedia (2013), financial information system (FIS) accumulates and analysis financial data used for optimal financial planning and forecasting decisions and outcomes. FIS is used in conjunction with a decision support, and it helps a firm to attain its financial objectives because they use a minimal amount of resources relative to a predetermined margin of safety. Financial information system is important in the decision making process. FIS is used in the decision making for the purpose of evaluating the financial condition of an entity; evaluating the stewardship of an entity; evaluating the efficiency of operation; effectiveness and compliance of operations of an entity.

Daddo Maritime Services Limited

Daddo Maritime Services Limited was incorporated and founded by Alhaji Bamanga Tukur; the current national chairman of the Peoples’ Democratic Party’s (PDP) of Nigeria, since 1981 to embrace the challenge of pioneering indigenous Maritime services company to be in line with the provision of professional shipping and Tanker Agency Services in Nigeria as a part of Daddo group.

Daddo Group Structure

Daddo Maritime Services
Daddo Shipping
Bonny Chartering
Ecomarine International
ECM Terminals Limited
Ecologistics
Daddo Gas
Daddo Property Development Company
Daddo International
Gesedaddo Farms
Shipping and Terminals Logistics Limited

BUSINESS SECTORS

Shipping, Transportation and Logistics
Oil and Gas
Real Estate
Trading and Commodities
Agriculture and Agro Allied Industries

DADDO MARITIME SERVICES (DMS)

Is said to be one of Africa’s leading Tank Agency Service provider, that was established in Lagos-Nigeria as the first indigenous company in Nigeria and has done the country and the continent proud by combining solid reputation to quality services; which is anchored on safety, efficiency and professionalism-qualities that have propelled it into an enviable height and position with a significant market share.

The high demand for DMS; quality services have prompted the establishment of the company in different

countries on the West/central African coast. Daddo Maritime Services currently operates not only in Nigeria, but as well as in Ghana, Togo, Benin Republic and Cote D'Ivoire.

DMS is committed to the consistent provision of excellent shipping agency and allied services that meet and exceed the expectations of their valued customers by complying with the requirements of the NIS ISO 9001:2008 and other relevant standards while ensuring the continual improvement of their quality management system.

DADDO MARITIME SERVICES QUALITY OBJECTIVES

DMS offers numerous services with the following objectives which are :

(1) To ensure that DMS operations comply with the requirement of the International Standard (NIS ISO 9001:2008) and other relevant standards.

(2) Ensuring that the criteria for acceptable performance of all personnel are clearly set out.

(3) Ensuring the provision of required resources for optimal enhancement of service quality delivered to clients.

DADDO MARITIME SERVICES LIMITED CODE OF CONDUCT AND CONTROL FOR BOARDING OFFICERS

- Abide by Health, Safety and environment (HSE) policies of vessels and terminals.
- No smoking or drinking on board.
- Be in full Personal Protective Equipment (PPE) at the required places.
- Abide by security policies of vessels and terminals.
- Ensure discipline and proper conduct while on duty.
- No taking on board or taking away prohibitive materials from vessels.
- Ensure Government Officials are at their best behavior and not take items such as stores or movies from vessels.
- Ensure vessel complies with terminal rules and regulations.
- Ensure government officials abide by HSE and NIS ISO policies.
- Ensure that necessary clearances are issued to vessels and terminal prior and post operations.

THE KEY PERSONNEL OF DADDO MARITIME SERVICES LIMITED AND ITS STRUCTURE

Key Personnel are :

- Managing Director (Alh. Murtala Tukur)
- Financial Controller
- Senior operations and quality manager
- Head Disbursement
- Head accounts
- Head Import and Export Operations
- Eastern Regional Manager
- Country Manager (Ghana, Togo and Ivory Coast)

THE OPERATIONS AND SERVICES OF DADDO MARITIME SERVICES LIMITED

The services are:

- Operations
- Hub Agency
- Shipping Agency
- Portal Data Information
- Tanker Position Information
- Charterers Protective Agency
- Owners Protective Agency
- Terminal Agency Service , which are :
 - ✓ Anchoring
 - ✓ Tugboat Service
 - ✓ Garbage Collection
 - ✓ Custom transit bond services
 - ✓ Stuffing and unstuff trucks
 - ✓ Boats to sea
 - ✓ Custom clearance
 - ✓ Mooring services
 - ✓ Security services
- Industry Report

Key benefits of reports are:

- ✓ Assessing risks and opportunities
- ✓ Renewal of business strategies

- ✓ Identifying possibilities of growth and development
- ✓ Evaluating your position in the industry and develop methods to remodel your services.
- ✓ Monitoring competitors and studying market dynamics

Other Services rendered includes:

- ✓ Ship provisioning and stores
- ✓ Conveyance of P & I club and class surveyors to and fro vessels offshore
- ✓ Ship and crew security
- ✓ Crew handling
- ✓ Crew welfare: Hospital services, mail, call cards etc
- ✓ Communication support
- ✓ Logistics
- ✓ Cash to master
- ✓ Liaison with Local Authorities
- ✓ Bunkers, Lubricants and Fresh Water Supply
- ✓ Follow-up activities with workshops, ship chandlers etc

THE FINANCIAL INFORMATION SYSTEM OF DADDO MARITIME SERVICES LIMITED

Their IFS and Telecommunication includes the use of the following :

- ✓ Telephone
- ✓ Excel
- ✓ Internet
- ✓ Radio Communication

The personnel in charge of their Telecommunication and Financial Information System are the communication officers and accountants. The communication officers communicate with vessels and different Radio frequencies and use shipping communication terms like, alpha, bravo coming and over now etc.

POLICY STATEMENT OF DADDO MARITIME SERVICES (DMS) is the leading shipping service provider; with solid reputation for efficiency, safety and professionalism with a quality service trade mark to “offer best quality at an affordable rate” .As part of its policy statements declares that it is a shipping company with unbeatable records of quality services.

THE FINANCIAL INFORMATION SYSTEM (FIS) OF GULF AGENCY COMPANY (GAC) GROUP

GAC is a company that is into shipping, logistics and Marine services with Headquarters in Dubai (United Arab Emirate), with over 10,000 professionals speaking more than 100 languages with more than 300 offices in over 40 countries including Nigeria. However, the financial Information System of Gulf Agency Company was not given online.

CHEVRON OIL COMPANY

Chevron Corporation is the second largest integrated energy company in the United States, with close to 6,000 new employees in the past two years. Chevron oil company main business is related to providing energy that drives human progress it provides major operations in the oil and gas region and are involve in the following services:

Exploration and Production

Oil

Natural Gas

Manufacturing, Products and Transportation

- ✓ Refining lubricants and additives.
- ✓ Global trading of raw material and finished products.
- ✓ Selling of gasoline and refined products under chevron, Texaco and Caltex brand.

Pipeline network and storage of petroleum and petrochemical products

Lubricants

Shipping

Oronite (are additives to improve fuel performance)

FINANCIAL INFORMATION SYSTEM

Since 1998, Chevron had replaced every PC (Personal Computer) in the company with a common machine software and connective system, creating a single desktop and operating environment, world-wide; undertaking about 30,000 computers, with full intranet capacity and internet access, advanced E-mail scheduling and presentation tools.

Chevron uses the new Global Information Link (GIL) and believes that GIL will save about \$40 million annually in system management costs. The information technology tools are standardized, compatible and connected such that every employee has an identical, very friendly – “sharing machine” on their desktop.

Chevron networks accommodate a lot of E-mail. Traffic and employees generate about 1 million E-mail daily,

the digital information amassed from word documents to spreadsheets and images equals about 1,250 terabytes. One terabyte alone equals about 1 million books; with an information growth of about 60% a year which could be called DIGITAL TIDAL WAVE.

Material and Methods

The materials for this study were collected from secondary sources. The secondary data are those obtained from works of other scholars for different purposes, which includes textbooks, journals, business magazines, professional publications, and past research studies. The secondary data collected were analysed using descriptive analysis. According to Ndiyo (2005), descriptive research studies are designed to obtain information concerning the current status of phenomena. They are directed toward determining the nature of a situation, as it exists at the time of the study. Baridam (2008), Osuala (2005) also stated that descriptive analysis largely describes and explains the various activities of human actions in the society.

Results and Discussion

It was discovered that Daddo Maritime services limited mainly uses Excel software as its financial information system and this was discovered during the fieldwork and personal interaction during the course of this study. More so, company like Gulf Agency Company (GAC); which is international shipping, logistics and maritime services establishment has no information on line concerning its financial information system likewise Chevron Oil Company that is a multinational corporation only has information on their networking communication software. Thus, revealing that the financial information system of business organization is being kept 'sacred'. The officer in-charge of FIS lack adequate technical knowhow and training to develop and use new available software conclusion to meet up with the global trend. Financial Information System is a very vital tool for every business establishment because it aids financial decisions; it is a business software that is being used to store and track financial data for the smooth running of a business.

Conclusion and Recommendations

Every business organization should use and develop a modern Financial Information System to be in line with the global trend that will promote and profit the organization in the long run. Staff should be trained and re-trained for the effective use of financial Information System because most officers in charge of FIS lack the capacity to use new software.

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