

Case Study Analysis on MIS America Grupo Santander

Kiran Kumar Thoti^{1*}, Kamilah Binti Ariffin², Joanne Lee Li Shi³

Abstract

The purpose of this case study was to examine the challenges and issues that had been encountered in implementing the Chile MIS America, software pilot project at the Grupo Santander before the MIS America is rollout to other part of Latin American countries. The problem arise in the project caused a significant delays and the team were not able to produce the report to corporate executive team. It also highlights the information systems challenges that associated with rapid growth over acquisition. Research for this study included a review of literature on the business nature, human resources, and information system. Also, this study gathers the information from several sources of information such as articles, journals and websites. Grupo Santander was a one of major banking institution in the world and has immensely expanded their commercial operations in Latin America. Grupo Santander sustained its growth through the merger and acquisitions which enabled them to expand on a much larger scale. Jesus Cepede who the Area Director of Management Control Division was reviews a Chile software pilot project as known as latest management information system (MIS America) in February 2005. This initial MIS project was progressively developed for provide key reports to headquarters. The major findings indicate that the pilot project team members faced a challenge in adapting global management system in local operation. Furthermore, it is found that the Grupo Santander in Chile use multiple application system that increased the risk to extract the data needed. Moreover, the inexperience team member of pilot project worsened the problem arise. Based on the analysis of the case, the project MIS has realized was badly planned from the start. This report recommends that Grupo Santander need build a constant business model management and clearly identified the systems and processes that are now used in each place. Besides that, leaders should increase the training among the team members who involved in the core project. This way, implementation of new MIS will be easier to execute in locally and internationally.

Keywords: Management information system, Grupo Santander, Business, Transaction process system, IT Operations.

*Author for Correspondence

Kiran Kumar Thoti
E-mail: kiran.kt@umk.edu.my

¹Associate Faculty, Malaysian Graduate School of Entrepreneurship & Business, Universiti Malaysia Kelantan, Malaysia

²Student, Malaysian Graduate School of Entrepreneurship & Business, Universiti Malaysia Kelantan, Malaysia

³Student, Malaysian Graduate School of Entrepreneurship & Business, Universiti Malaysia Kelantan, Malaysia

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INTRODUCTION

Grupo Santander was a major banking institution and has immensely expanded their commercial operations in Latin America in the past 10 years. Jesus Cepede who the Area Director of Management Control Division was reviews a Chile software pilot test as known as latest management information system (MIS America) in February 2005. Grupo Santander has grown speedily through acquisitions in these few years' times. It provides rises to a quality need for dependable and highly accuracy of information to assist the managers in Santander to compare the performance of the operations internationally distribution of units and to make greater operational decisions and strategics. Top executives of Santander had a

crucial need for both precisely disaggregated and consolidated information. Due to the software pilot test in Chile has put up with quite number of significant delays, Cepeda had to make a decision for the next steps concerning MIS America. This is because the new system would be rolled out in the whole Latin America as the original plan had specified that Chile pilot would be the new management information system (MIS). However, Cepeda as the leader of the MIS, he was uncertain if he was ready to authorize the rollout. This case study will emphasize the challenge of management information systems related with rapid growth through acquisition. Besides, this case study also highlights the issues of decentralized versus centralized control in a corporate management information system that addresses there are different needs in different countries of Latin American while answering to organization of Grupo Santander's own requires at their corporate level. The challenges that faced and showed by this complex and large project are relevant and applicable to many other IT projects and in other industries.

PROBLEM IDENTIFICATION AND ANALYSIS

Challenge in adapting global system and management standard in different local markets. The Grupo Santander had expanded their operations through merger and acquisition of financial institution specifically in Latin America. As they expand more, they encountered a challenge in adapting the global information system as well as to match the management standard with the distinctive needs of customer in local markets. As a business firms, the Grupo Santander is heavily invested in information systems as they want to achieve strategic business objectives. Going into global market can give a lot opportunities and exposure to organization as they can sell more products and services. This is due to the potential for gaining a new customer is high, many customer and of course it helps in increasing the revenue. However, according to (Aviva Bashan, 2021) it also presents management systems with complex challenges. The Grupo Santander use global relationship model in building up their efficiency to cater the need and understanding of clients [1]. This aspect had previously been defined quite clearly the concepts that should be used to unite the criteria, but at local market there were inconsistency. For example, with the treatment of clients, Repsol is a corporate client worldwide, but in Chile the same client was treated as a Small Medium Enterprise because in Spain this company very small and acquire from others. Moreover, although the group choose to respect local design in some specific areas, but the group still struggle to standardize management evaluation system and management information system between local and corporate level thus making it hard to achieve economies of scale and coherence. Information system have a significant impact on organizations and vice versa. Environment, culture, structure, standard operating procedures, politics and management decisions could be a mediating factors that give impact on information system and organization. Although they allow you with good opportunities, (Cote, 2020) quote that it also can be risky as every country are differ in term of their culture, policies, laws and system by which indicate that the global landscape can be difficult [2].

Multiple use of Technological Application/System

Every bank acquired by Grupo Santander possess its own processes, systems, products, and services which needed to be combine into one to be more optimize and create synergy between them. Although the American Systems Division decided that all banks would use the same software package for banking transactions, which is Altair, it was found that many operations carried out were not recorded on Altair. Information system is the essential factor in today's modern form of business processes. It improves business operations by making existing procedures more efficient and enabling a whole new processes in transforming the business. However, too many system used could also have disadvantage. Using a multiple system could increase the possibilities of disconnected data [3]. Having a data to be stored in one system makes it is easy to track and analyse. Integration is critical when employing many software solutions. Some foreign trade and custody of asset operations of bank were supported by other, non-integrated applications. Moreover, there are also some local operations also carried out their operation with other software applications system that were not necessarily integrated to the Altair, which have been previously selected to use by the company. This situation bring difficulties to the team in identifying the entire operation of clients as it was necessary to know clients contribution to Group profits as aligned with the MIS America objectives of project.

Furthermore, the team discovered that, the company had not taken into account all of the management information that would be required when designing and implementing Altair system. As a result, the team had to rethink the project approach determining how to obtain the needed data to be provided in new MIS system. This situation arise a difficulties as the system are not compatible each other and operation overview can be difficult to obtain because team members need to spend time analysing using various tools. Management information system serves as middle management by providing reports on firm's current performance, based on data from Transaction Process System. Beside it also help to serve executive support systems by incorporate data as well as summarized information. If this system are not arrange carefully as multiple tools involved, optimizing the process will be a challenge.

Lack of Experience Among the Team Members

The Pilot Project of MIS America would serve as the model to the other countries where the system is created to provide key reports from a local level to a corporate level. The team started to design the systems at a more detailed functional level during the Pilot Project. However, most of the team members seemed to not have any experience of such scope and complexity. Referring to the basic principle of management which are planning, organizing, leading and controlling, it can be said that the pilot project was poorly planned in the beginning. The original idea was to combine the various banking entities that belonged to the group with a single type of technology system. Unfortunately, they did not know how to carry out an adequate analysis as they were lack of experience in developing this new management information system. When team members do not have the expertise and knowledge needed for this kind of spectacular project, the overall ability of the team to function can be limited. For that reason, conflicts are likely to arise and hard to resolve. The project also will consume more time and have trouble in achieving its goals and increase the possibility of delays and incur higher cost. According to (mbaknol.com, n.d.), it is stated that a business organization can attain competitive advantage by strengthen a force of superior human resource by way of training and development [4]. Besides, through an observation, when employees working in a competitive environment of market, they prefer for having a training and development programs that helps in enhance their skills and knowledge. Inadequacy of Grupo Santander in giving as much exposure to their team member and staff might be a loss to them. Training and development is important for employee to sustain and grow in the career and help to polish their skills. It also should be note, leader of organization need to realize that employee is one asset for any organization.

EVALUATION OF SOLUTIONS

Use of international teams to strengthen corporate identity-Santander Group using international teams to strengthen corporate identity. They opted for local settings which is admire its implementations and their local design in some defined places, like human resource management and those commercial and products innovations. Hence, the Group are chosen to employ international staffs and some professionals as a team to serve as an integrative channel to boost the collaboration between distinct Group headquarters and their subsidiaries. According to Jennifer (2018), people are exposed to different perspectives and ideas when they are engaging with different people from different places around the world with divergent of background [5]. The author also stated that this can enhance the workplace relationships which have been developed and increase the productivity of the business and its success. Still, there is a challenge occurs for international team due to the differences in major time-zone where the timing of the team member to complete or start the works is different which one another in different country with different time zone [6]. Moreover, Santander Group also required globally structured and integration practices to reach optimum of coherence, economies of scale and other general equity. Santander Group had defined a clear business model for Latin America in the early of 2000s, the name of different directors has been declared clearly in each department. Also, this strategy needs to adapt to the local international structures within the regulation found by the American Division. However, this adaptation is a progressive process, it cannot be achieved and get the results immediately. Therefore, solving a problem in adapting global management and system standard in different markets is not easy. This is because some local institution still has solemn power as they had been persistent and well-reputed in their countries.

Standardize Information by Using Altair Information System

Santander Group standardize information by using Altair information system due to each bank need to have its own processes, systems, products, and services. All these need to be obtained in one system to earn synergy and efficiency. Altair is a software that created and executed to enhance the workflow and support access to a larger set of tools for the purpose of analyzing data [7]. Hence, Altair, a software that designed by Banco Santander has decided to use by American Systems Division for all the banks in the region. According to Beth (2021), every institution has their certain needs, sources, and goals, hence it is difficult to give a common advice [8]. The author also said that no matter how, there is a truth that people should emphasize to data-drive marketers which means people should attempt to make a balance between the precise standard and the disorderliness of “big data”. However, Altair supported most of the banking transaction but not all banking operations due to the project was huge and complex. Therefore MIS, a new plan of management information system has created to manage the information system. Still, the information of the commercial at local level does not always match with the information sent to General Intervention and Management Control Division. Consequently, the variance of the sources has increased the difficulty in extracting data although the new information system is created.

Team defined the project management processes to be exercised on site to implement the project and manage change.

Before implementing the project, staffs have made a draft out about a plan for certain country and the timing to turn the plan of new system over the local representatives. This is quite an analytic action because the team members must point out some issues which is in the aspects of change, the required training, and the affected managers in certain departments. Moreover, they also need to rethink about managing changes in the country and determine the timeframe of old and new systems will be used at the same time in country. Most of them begin to draft the system nearly from scratch to design the system. According to Kroenke (2017), the most crucial component is people when it comes to the five elements of MIS, which are including software, hardware, procedures, data, and people. (See appendix 1) [9]. In this case study, there is consisting of more than 100 technicians, forty people internal staffs and external consultants) are working on the project. It is wasting of money and time when the staff do not know what they are going to do with the information system even though the company is having a perfect MIS [9]. Therefore, the definition of the team brings to the project management processes to be applied on site to implement the project could be great if provided the staffs are experienced and knowledgeable.

CONCLUSION

In a conclusion, the primary focus of this case study is to identify the problem and analyze it, as well as providing a few recommendations and implementation to the surrounding problematic. By exhaustively studying the case, the project MIS has realized was badly planned from the start since the initial objective was to unite and gather the several banking institutions that be in the Santander Group with a single version of technology platform. Regarding to the case study, it led to the epilogue that the implementation of MIS affects the Santander Group and their business processes in different ways. There are three problems have been identified in the case study. First is the challenge of adapting the global system and management standard in different local markets. This problem can be solved by building a constant business model to adapt in different local markets. Secondly, multiple use of technology application or system also has contributed to the problem when implementing the MIS project, which is multiple use of technology application or system in different bank institution. This can be resolve by clearly identified the systems and processes that are now used in each place. Furthermore, another problem is team members are lacking prior experience while working on the MIS project. Hence, leaders should increase the training among the team members who involved in the core project. Therefore, it is important to perform a broad-ranging MIS project which are including staff and many other essential details that able to execute a strategic project for the accomplishment and start-up of the MIS project itself.

RECOMMENDATION AND IMPLEMENTATION

Build a constant business model management to adapt in different local markets.

To reduce the risk and to counter the challenge arise, the Grupo Santander corporate management need to take initiative by building a constant business model management of the company. The business model management then should be adapt and implemented in different local markets. It is suggested for Grupo Santander to use the business model of the banks (See the Appendix 2) in order to manage and operate the banks in best approach. Business model of banks deals with two types of products which are retail and business banking and this model rely heavily on interest, provide financial advice and other transactional fees to generate revenue [10]. This business model is important as it will create a standard that provides better insight of the company. Furthermore, as the model is clearly defined and consistent, it that can be a foundation to be follow by other subsidiary of the company. By building this business model in attentively, the Grupo Santander can generate customer value and in addition the product and services will reach customers. Thus, business strategic objectives such as generate revenue can be achieved and using business model of banks increased the efficient channelization of economic activities across the world [10].

Clearly Identify Systems and Processes that are Currently used in Each Location

Concerning about the non-integration and the used of multiple system in the company, the Grupo Santander should clearly identify system and processes that are currently used in each location. The systems and processes that are currently used in each location must be clearly determined and regulating what type of information is recorded in each customer operation and transactions. It is suggested to appoint an expertise or consultant that knowledgeable and reliable, who that will identify system and process so that they can develop one complete complex system for all. Besides, It is advise to include some local leaders during the project design process and implementation process, so that they are the ones who clearly transfer the information that could help in assisting the system development. After finding what they have in common, the possible model to be used must be presented to each locality in order to obtain an opinion and subsequent approval. Finally, the single process to be followed for all locations will be disseminated to all locations, specifying their procedures, activities and necessary records for each operation with customers.

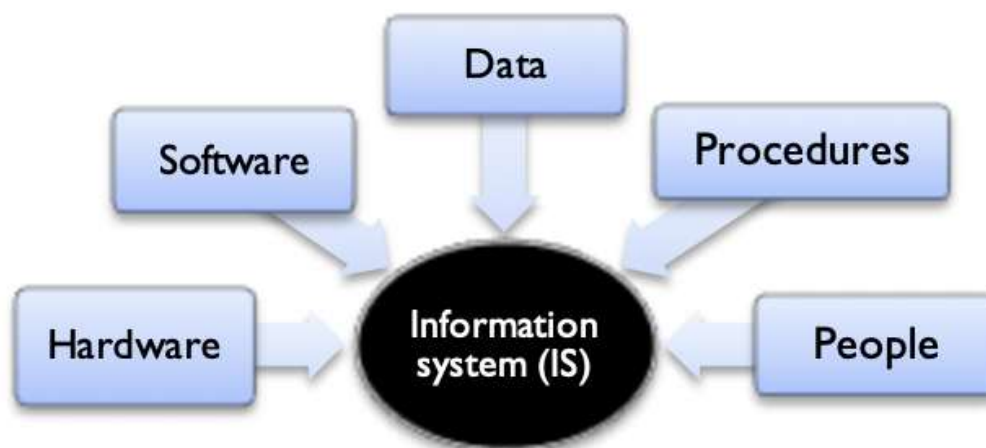
Increase Training Amongst Core Project Team Members

Santander Group should increase training among the team members whom executing the MIS project. According to Beaumaster (1999), everyone in an institution, like individual expertise, organizational expertise, staffing, internal leadership, training, and resistance to change is concerned as personal issues [11]. This issue is linked with human resources management process in an organization. Technical characteristics, communications, user involvement, infrastructure support are the set of the success factors [12]. However, all these success key factors are not about the technical sides, all these factors are from the managerial point of view. Besides that, Santander Group also need to improve their communication of the change process within the organization to the team members. It is recommended to involve some local leaders who joining the MIS design process and the action of implementation itself, therefore those local leaders could be clearly hand over the information and be reliable to the team members. Moreover, the leaders will transfer the reliability of the job progression to all the team members who are working on the new MIS. According to Sven (2012), the most important part to be successful when implementing of a project is a team with teamwork and their right skills [13]. This will make the leader better to lead the team members, so the team member no need to start to design the MIS without any ideas or clues. Furthermore, it is also encouraged to embrace a training policy and incentive system. This is to provide or to rewards current team members some bonuses for the projects as well as the good time to continue to grow professionally for the employees' career advancement within Santander Group.

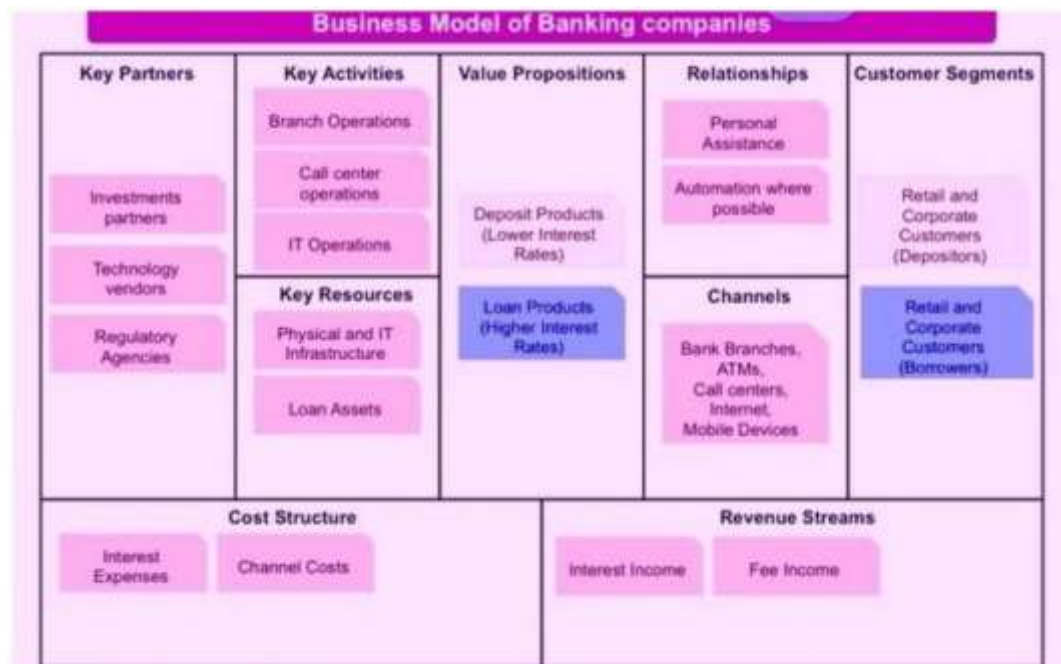
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Appendices



Appendix 1. Five components of an Information System (IS) (Source Kroenke, 2007: p. 5).



Appendix 2. Business Model of Banking Companies (Sources <https://www.marketing91.com/business-model-of-banks/>)