

Role of Information Technology in Business and Management

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Abstract

This paper examined the role of IT in business and management. In this modern age, information technology has played a big role. With the introduction of computers, the business world has changed forever. Using computers and software, businesses use information technology to ensure that their departments run smoothly. They use information technology in a number of different departments including human resources, finance, manufacturing, and security. Information technology plays an important role in daily activities not only in large business but also in small business. Using information technology, businesses have the ability to view changes in the global markets faster than they usually do. The role of technology in business has also caused a tremendous growth in trade and commerce. Business concepts and models were revolutionized as a result of the introduction of technology. This is because technology gave a new and better approach on how to go about with business. It has provided a faster, more convenient, and more efficient way of performing business transactions. Adoption of information technology resources allows businesses to maintain a competitive advantage over their rivals. Businesses using a first-movers strategy can use information technology to create new products, distance their products from the existing market or enhance their customer services. Businesses can harness information technology resources to lower their costs. Using IT infrastructure, redundant tasks can be centralized at one location. Businesses that follow a low-cost product strategy can look to information technology solutions to reduce their costs through increased productivity and reduced need for employee overhead. Businesses can also build-in information technology to their products that makes it difficult for customers to switch platforms or products.

Key Words Business, Management, Information Technology

Introduction

The role of information technology in business caused a tremendous growth in trade and commerce. With the passage of time, the business world is learning more and more about information technology. Business and Information Technology have become inseparable. Information Technology in business includes accounting systems, management information system, point of sale system etc. Information technology is the application of computers to store, study, retrieve, transmit and manipulate data or information related to a business. Human beings have been storing, retrieving, manipulating and communicating information since 3000BC but the term information technology first appeared in 1958 in its modern sense in an article published in the Harvard Business Review. Information Technology includes hardware i.e. physical equipments, software i.e. operating systems and applications. Softwares are used to perform

certain essential functions. Business is a legal and organisational entity consisting of association of people. These people share a common purpose and these people may be natural or legal or combination of both. In other words, business is an enterprise which provides goods and services for fulfilling the needs of human beings. Management is the administration of an organisation and includes the activities of setting up the strategies of an organisation. It also refers to coordinating the efforts of the employees to achieve the objectives of the organisation alongwith optimum utilisation of resources. The role of information technology has been tremendous in business and management.

Literature Review

Theoretical literature and researchers have found that there is a relationship between information technology and business and management. Studies reported diverse findings regarding the influence and usage of information technology in business and management. Specifically, the studies have shown that

now-a-days computers and information technology have become an essential part of organisational information processing because of the power of the technology and the volume of data to be processed (Gordon & Olson, 1985). Studies have reported too that information technology is crucially important today (Hagg & Cummings, 2006). More than ever businesses are using information technology to gain and sustain a competitive advantage. It has also been found that information technology is not only used to carry out and improve business operations, but also to support management in their key tasks of planning, decision making, organising, coordinating and control (Lucey, 2005). Lucey et al. (2005) and Haag and Cummings (2006) noted that information technology support business processes and vary among managerial levels and information technology usage for decision making falls into one of two general categories systems that help users to analyze a situation and leave the decision up to him/her. The objective of this study concentrates on the usage of information technology for business and management purposes. In this paper, two streams of the literature have been drawn, namely usage of information technology for business purposes, and usage of information technology in management. The focus is to show how organisations can use information technology to gain competitive advantages over their competition. Thus, this study provide managers and researchers with a framework of effective use of information technology in business and management

Objectives

- To identify the role of information technology in business and management.
- To highlight the importance of information technology.

Research Methodology

The study is a descriptive one and is based on the secondary data. In order to attain the objectives of the study, the review of existing literature has been carried out to identify the role of information technology in business and management.

Business

Business is a commercial or mercantile activity engaged in as a means of livelihood. It is an organisational and legal entity consisting of

association of people. It is regarded as an organisation or economic system where goods and services are exchanged for one another or for money. In other words, it is an organisation or enterprising entity engaged in commercial, industrial or professional activities.

Management

Management, in simple words, is the way something is handled, careful treatment, supervising skills or those in charge of a business or a group. It refers to coordinating the efforts of the employees to achieve the objectives of the employees with optimum utilisation of the resources. It consists of the interlocking functions of creating corporate policy and organising, planning, controlling and directing organisation's resources in order to achieve the objectives of that policy.

Information Technology

Information Technology is the set of tools, processes and methodologies such as programming, data communications, data conversion, storage and retrieval, system analysis and designing system control and associated equipments employed to collect, process and present information. It helps to produce, manipulate, transmit, communicate and store various forms of information. IT encompasses all forms of technology to create, store and exchange information with high-speed communication links carrying data, sound and video.

Role of Information Technology in Business And Management

Information Technology in business is a growing necessity. As the years go by, the business world is leaning more and more towards it, making it almost impossible to separate the two from each other. Innovation breeds business, and since technology paves the way for it, it can be gathered here that business needs technology to be sustained.

Business has always existed since the early times of man. Even though it only began with the simplistic barter system, business would not be the same as it is today without the advancements in technology. All the major industries would fall into a catastrophic collapse if one were to take away technology from business, since majority of business operations and transactions somehow involve the use of technology.

- **Communication**
In the business world, communication plays an important role in maintaining the relationship between employees, suppliers, and customers. Therefore, the use of IT we can simplify the way to communicate through e-mail, video chat rooms or social networking site.
- **Inventory Management**
Organizations need to maintain enough stock to meet demand without investing in more than they require. Inventory management systems identify the quantity of each item a company maintains, an order of additional stock by using a way of inventory management. It is become more important because organization need to maintain enough stock to meet customer demand. By using in IT in inventory management, it also will helps in track quantity of each item a company maintains, triggering when it comes to managing inventory.
- **Management Information Systems**
Information data is very important for an organization and a valuable resource requirement for the safe and effective care. Data used is as part of a strategic plan for achieving the purpose and mission. then, the company should use the management information system (MIS) to enable the company to track sales data, expenditure and productivity as well as information to track profits from time to time, maximizing return on investment and recognize areas of improvement.
- **Customer Relationship Management**
Companies are using IT to improving the way of design and manage customer relationship. Customer Relationship Management (CRM) systems capture every relations a company has with a customer, so that a more experience gain is possible. If a customer makes a call to centre and report an issue, the customer relation officer will be able to see what the customer has purchased, view shipping information, call up the training manual for that item and effectively respond to the issue.
- **Information Technology as a Business Necessity:**
The role of information technology in business caused a tremendous growth in trade and commerce. Business concepts and models were revolutionized as a result of the introduction of technology. This is because technology gave a new and better approach on how to go about with business. It provided a faster, more convenient, and more efficient way of performing business transactions. Some of actions of technology in business include accounting systems, management information systems, point of sales systems, and other simpler or more complicated tools. Even the calculator is a product of technology. It is indeed unfathomable to summon the idea of going back to the days where everything was done manually, which basically means starting all over again from scratch.
- **Security and Support:**
With the automated processes that technology can provide, productivity reaches a higher level. This is due to the minimal resources consumed in processing business activities, allowing room for better products produced and faster services delivered to more clients and customers. Information is also stored with ease and integrity. With this, confidential and sensitive information are less prone to vulnerabilities. The said information can also be instantly retrieved and analyzed to monitor trends and make forecasts, which can be crucial in decision-making processes.
- **A Link to the World:**
Business involves communication, transportation, and more fields, making it a complex web of processes. The technologies pertaining to other fields only pushed business further. Globalization has been realized because of the wonders of technology. Anyone can now do business anywhere within being constricted to the four corners of his room.
- **Increase the overall efficiency of the Organization:**
In the changing economy in recent times, there is a necessity to improvise the business requirements according to the changing needs

of the market, customers and technologies. This in turn causes a change in the business environment and has to be tackled in an appropriate way minimizing the costs while enhancing the benefits. To increase the overall efficiency of the organization's operating components, the information technology has given prime contribution.

- **Wider reach in the global market:**

Information Technology in business made it possible to have a wider reach in the global market. The basic example is the Internet, which is now a common marketing tool to attract more consumers in availing products and services offered by various businesses.

- **Reducing the costs of a company:**

IT infrastructure management plays a key role in reducing the costs of a company, ensuring the quality of the service is maintained to a greater extent overcoming the risk. The operational efficiency of the organization will also rise to a new level, increasing the business's revenue.

- **Smooth running of departments of the organisation:**

With the introduction of computers, the business world was changed forever. Using computers and software, businesses use information technology to ensure that their departments run smoothly. They use information technology in a number of different departments including human resources, finance, manufacturing, and security.

- **Quick forecasting of the changes:**

Using information technology, businesses have the ability to view changes in the global markets far faster than they usually do. They purchase software packages and hardware that helps them get their job done. Most of the larger businesses have their own information technology department designed to upkeep the software and hardware.

- **Keeping up with the supply and demand:**

Information technology has allowed businesses to keep up with the supply and demand as consumers grow more anxious to have their items instantly. Using information technology,

businesses like Amazon are working to help busy consumers do their grocery shopping. Just a few clicks on a website allow the consumer to submit an order, and information technology sends that order to the company.

- **Faster and easier to send and receive money:**

Information technology has also made it faster and easier than ever to send or receive money. It's now also easier to open an online small business to sell whatever one might want. If you don't want to have to file for a domain name, set up a website, and all the other steps required for registering an online business, one can use other websites like Amazon, eBay, and Etsy to sell things.

- **Quick Credit Check:**

Information technology also makes it easy for finance to function on a global level. In this modern age, credit score and credit rating is available online securely. This allows lenders, insurance companies, and businesses to run a quick credit check on an individual making it far easier to open credit.

Advantages Of Information Technology

Along with specific contributions to certain fields, information technology also has a few general advantages for society. These are discussed as under:

- **Increase in Globalization:**

With improvements in information technology, globalization has increased. The world is brought closer, and the world's economy is quickly becoming a single interdependent system. Information can be shared quickly and easily from all over the globe and barriers of linguistic and geographic boundaries can be torn down as people share ideas and information with each other.

- **Easier Communication:**

Communication has become an easier, cheaper, and faster system with the help of information technology. Using the internet, people can speak to each other all over the world using video conferencing. Skype is one helpful application that allows users to communicate to other Skype users for free.

• **Sharing of Information:**

Social media is also another area of communication available because of information technology. It's now easier than ever to share photos and information about your life with people you know all over the world. This draws some families closer to family members they don't get to see as often.

• **Easier Conferences:**

Most mobile devices also offer some kind of face to face video communication as well. Using Skype or other programs like it, you can call other mobile Skype users for free to talk face to face. Apple also has Face-time, which allows I-Phone users to talk face to face with other I-Phone users. This can be used for business conferences.

• **Cost effective:**

Businesses have become more cost effective for both themselves and their consumers using information technology. By streamlining, businesses increase their productivity. This pays out to greater profits, which allows companies to offer better pay and less strenuous working conditions.

• **Reach consumers 24/7:**

Along with making businesses more cost effective, information technology allows businesses to be within reach of consumers 24/7. If you decide you want to purchase a red sweater at five in the morning, you can easily log in on Target, Walmart, or any number of online clothing retailers to purchase that red sweater. You can also save money on purchases by buying items located in different countries.

• **Employment opportunities:**

Information technology has also created new jobs. Programmers, systems analyzers, hardware and software developers, and web designers all owe their jobs to information technology. Without such advances, these jobs would not exist.

Conclusion

Information Technology helps to produce, manipulate, transmit, communicate and store various forms of information. IT encompasses all forms of technology to create, store and exchange information with high-speed communication links carrying data, sound and video. Business and Information Technology have become inseparable. Information Technology in business includes accounting systems, management information system, point of sale system etc. Information technology is the application of computers to store, study, retrieve, transmit and manipulate data or information related to a business. Human beings have been storing, retrieving, manipulating and communicating information since 3000BC but the term information technology first appeared in 1958 in its modern sense in an article published in the Harvard Business Review. Information Technology includes hardware i.e. physical equipments, software i.e. operating systems and applications.

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