A Review on Role of Information Technology in Business Management

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ABSTRACT

Information technology plays a vital role in day-to-day activities right from small business to large business. Whether you need computers for storage, transfer, retrieval or transmission of information, you can manage your business with greater accuracy and efficiency with the assistance of information technology and computer applications. As an example considers the internet, it provides us with all latest happenings around the globe. Railways and Airways are connected with Information Technology. If we want to travel we can book tickets online, reserve rooms, etc. Since IT has become an essential part irrespective of the field i.e., education, or entertainment, or business.

Buying and selling has become quite easy now. Online shopping through credit cards and debit cards has made purchasing effortless. Moreover you can do shopping anytime as there is no time constraint; they are open round the clock. Banking is another area which has been automated like managing accounts, transferring of cash, depositing, withdrawing, etc. Implementing IT in an effective manner would decrease the cost; cost which is expected at the time of failure. Also increases the flexibility.

Keywords: Information Technology, Business

INTRODUCTION

Information Technology is defined as the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware." IT deals with the use of electronic computers and computer software to convert, store, protect process, transmit, and securely retrieve information.

In small business normally software packages are purchased for in house processes and different IT companies are hired for other solutions like marketing, networking, website development etc. The businesses which are running on larger scales manage information technology as a separate department and hire their own staff to fulfill their requirements.

Table 1: Current and Expected Usage of Computers for Businesses

	Present Usage	Future Usage	
	Used Extensively in Business	Somewhat Important to Business	Very Important to Business
Online Banking and other Financial Services	3.0%	27.6%	11.4%
Link to Vendors and Suppliers	3.0%	34.2%	16.9%
Post Catalogs/prices/services on the web	2.5%	25.5%	13.6%
Complete sales and/or purchases with online payments	0.6%	28.4%	8.6%
Use Internet for Inventory Control and Management	1.7%	25.1%	7.1%
Use Internet for Customer Information and Support	3.6%	38.0%	19.3%

Importance of IT in Business

Speed

One of the main reasons so many business have turned to the IT world for their professional needs is the sheer speed at which computers and related technologies can process information. Email is a perfect example, as it eliminates the need to wait several days for a packet of documents to reach a client or business associate. While still the optimal method for sending packages, printable materials such as legal documents or contracts may now move much more swiftly via the Internet. Businesses can receive news and updates which may provide vital insight into current market trends or changes in a clients needs almost instantaneously. Businesses are therefore able to provide immediate assistance to clients and thus improve their customer service.

Efficiency

Increased speed often leads to increased efficiency. While eliminating the need to wait for packages or sensitive materials to arrive, businesses are able to receive and respond to changes instantly. This improved response time almost guarantees a higher chance at eliminating potential issues by allowing businesses to react quickly. Information technology also allows data to be stored in formats, which make information easier to store or send.

Multi-Tasking

Another business advantage of information technology is the ability of computers to perform multiple tasks simultaneously. Provided the hardware is able to support it, the operator may have several different programs functioning at the same time. Furthermore, computers are generally capable of performing complex calculations, such as mathematical equations or travel distances, very quickly and accurately.

Low Cost

As technology becomes more common, the cost becomes more affordable. With a single operator being capable of performing several tasks at once, less personnel is often required to accomplish the same amount of work as before. Computers are an efficient means of eliminating labor costs for other data processing jobs.

Entrepreneurs

The Internet has become one of the foremost means of communication. Most people have access to a computer and to the Internet, thus making it easier to reach large masses of people all over the world. Many people have opened their own businesses and begun making money at home. Online advertisements are present on almost every website and make it easy for consumers to find products and services offered by small business owners. Anyone can launch their own website and begin pursuing promising careers without having to concern themselves with expenses such as office space or commuting.

Advantages of IT in Business

A Competitive Advantage

Business can realize a competitive

advantage from IT systems through many avenues. Whether it is increased sales, better customer service, improved customer relationships, faster service, more efficient service, diversity, reduced costs or higher quality products there is little debate that IT systems can be used to improve traditional business functions in order to provide a competitive advantage.

To Provide Agility

The economy, events, trends and circumstance play a part in business survival. Once upon a time computer games were the domain of children and teenagers. Today many adults are consumers of gaming software. This transition in demographics meant that software companies needed agility to cater to their new market. Not just in terms of the type of software that they produce, but also in terms of service, availability and ease of use.

To Enhance Decision Making

The massive volume of information available today both on the Internet and through corporate networks can be used as reference material to make decisions. But most importantly, the role of Information Technology should always be measured through benefit to its masters. Whether the benefit is realized financially, socially, through reduced risk, by better efficiency or an improved product it is important to continue to focus on the benefits that pertain to the core business itself.

Applications of Information Technology in Business

Communication

For many companies, email is the principal means of communication between employees, suppliers and customers. Email was one of the early drivers of the Internet, providing a simple and inexpensive means to communicate. A number of other communications tools have also evolved, allowing staff to communicate using live chat systems, online meeting tools and video-conferencing systems. Voice over internet protocol (VOIP) telephones and smart-phones offer even more high-tech ways for employees to communicate.

Inventory Management

When it comes to managing inventory, organizations need to maintain enough stock to meet demand without investing in more than they require. Inventory management systems track the quantity of each item a company maintains, triggering an order of additional stock when the quantities fall below a pre-determined amount. These systems are best used when the inventory management system is connected to the point-of-sale (POS) system. The POS system ensures that each time an item is sold, one of that item is removed from the inventory count, creating a closed information loop between all departments.

Data Management

` Today, most companies store digital versions of documents on servers and storage devices. These documents become instantly available to everyone in the company, regardless of their geographical location. Companies are able to store and maintain a tremendous amount of historical data economically, and employees benefit from immediate access to the documents they need.

Management Information Systems

Storing data is only a benefit if that data can be used effectively. Management Information Systems (MIS) enable companies to track sales data, expenses and productivity levels. The information can be used to track profitability over time, maximize return on investment and identify areas of improvement. Managers can track sales on a daily basis, allowing them to immediately react to lower-than-expected numbers by boosting employee productivity or reducing the cost of an item.

Customer Relationship Management

Customer Relationship Management (CRM) systems capture every interaction a company has with a customer, so that a more enriching experience is possible. If a customer calls a call center with an issue, the customer support representative 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. The entire

interaction is stored in the CRM system, ready to be recalled if the customer calls again. The customer has a better, more focused experience and the company benefits from improved productivity.

CONCLUSION

The use of internet and e-commerce has generated a bundle of opportunities for all types of business. This application is becoming extremely rooted into the economy, basically changing the way companies buy, sell, communicate, and collaborate. While small growing businesses once had to wait until new technologies became practical or affordable, today's Internet provides vast opportunities for driving down costs, reaching new customers, increasing productivity, and getting new products and services to market faster. Though sometimes huge amount is needed, but its worth in return it can give to the company, a profitable advantage.

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