

THE ROLE OF INFORMATION TECHNOLOGY IN COMMERCE

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ABSTRACT

This paper reports on the importance and use of information technology in commerce and management. It provides the scope of information technology that can be applied in management organizations to show that the greater the use of IT, the higher the organization performance. Empirical evidence is presented to confirm that IT use is increasing, in general, year on year, and is being implemented as a management information tool. Finally, a profile is presented of the typical components of a young management information system, within the context of a management accounting framework. It is suggested that, given the proven importance of IT to the organizations, a management information system should be developed that takes advantage of the opportunities offered by new technology, and that this, in turn, should lead to enhanced performance. Advancements in management information technologies in the past half-decade are bringing to organizations forms and functions unanticipated even a few years ago. The revolution in personal communication and computation power is changing organizational roles and tasks and is offering increased effectiveness and productivity to organizational designers who choose to take advantage of technological innovations.

Key words : *Information technology, business, management.*

Introduction:

Information Technology refers to the creation, gathering, processing, storage and delivery of information and the processes and devices that make all that possible. It helps in improving the quantity of information processed and in increasing the speed of presenting the information. It covers all activities and technologies that involve the handling of information by electronic means: that is information acquisition, storage, retrieval, processing, transmission and control. Its quantitative change in GNP and in occupational structures has been sufficiently large to generate a quantitative transformation, often referred to as the "Information Economy" or "Post Industrial Society".

Definition :

Information Technology (IT) was described by Chaffey and Wood as “technology resources used for business information management”. These resources include software, hardware and telecommunication networks used for managing information.

The Concepts of Information System And Technologies in Business

How Information systems are important:

An understanding of the effective and responsible use and management of information systems is important for managers and other business knowledge workers in today's global information society. Information systems and technologies have become a vital component of successful businesses and organizations. Information systems constitute an essential field of study in business administration and management, as they are considered a major functional area in business operations. Information Technologies:

Business professionals rely on many types of information systems that use a variety of information technologies.

For example: Types of IS

- Manual (paper-and-pencil) information system
- Informal (word-of-mouth) information system
- Formal (written procedures) information system
- Computer-based information systems Computer-based information systems (IS)use hardware, software, the Internet, and other telecommunications networks, computer-based data resource management techniques, and other forms of information technologies (IT)to transform data resources into a variety of information products for consumers and business professionals.

Impact of information technology on business and management

Information Tech has revolutionized the phase of business around the world. Local businesses have become international due to a simple website. I.T. has helped businesses in advertising. People who check their email may suddenly have a pop up at their page

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ends with sales up to 60% at JC Penny's! I.T. has helped in customer service, huge corporations like Microsoft attend to customer needs through email and chat services. Networking internal and external in organizations has improved the working of businesses. Staffs and clients likewise can get in touch with the managers for feedback, progress reports and extensions.

Communication has bloomed; two business organizations if they need to work together can easily do so. Hotmail, when merged with MSN was easy since the service was online. Business these days require a lot of planning, due to high tech organization systems on computers, planning can be done on an organized pattern, with schedule formats, grant charts etc. Huge databases can now be controlled and stored on network and back up drives. Accessibility of files also has become an easy task with series of password keys and shared folders. Cash transactions are easily made, delay in reduced hence giving liquidity to business.

Businesses have been at the forefront of technology for ages. Whatever can speed production will draw in more business. As computers emerged in the 20th century, they promised a new age of information technology. But in order to reap the benefits, businesses needed to adapt and change their infrastructure [source: McKenney]. For example, American Airlines started using a computerized flight booking system, and Bank of America took on an automated check-processing system. Obviously, now, most business is conducted over personal computers or communication devices. Computers offer companies a way to organize dense databases, personal schedules and various other forms of essential information. As information travels faster and faster and more reliably, barriers of distance disappear, and businesses are realizing how easy it is to outsource jobs overseas.

refers to the practice of hiring employees who work outside the company or remotely -- and even halfway across the world. Companies can outsource duties such as computer programming and telephone customer service. They can even outsource fast-food restaurant service -- don't be surprised if you're putting in your hamburger order with a fast-food employee working in a different country entirely. Outsourcing is a controversial practice, and many believe that U.S. companies who take part are hurting

the job market in their own country. Nonetheless, from a business perspective, it seems like the wisest route, saving companies between 30 and 70 percent [source: Otterman].

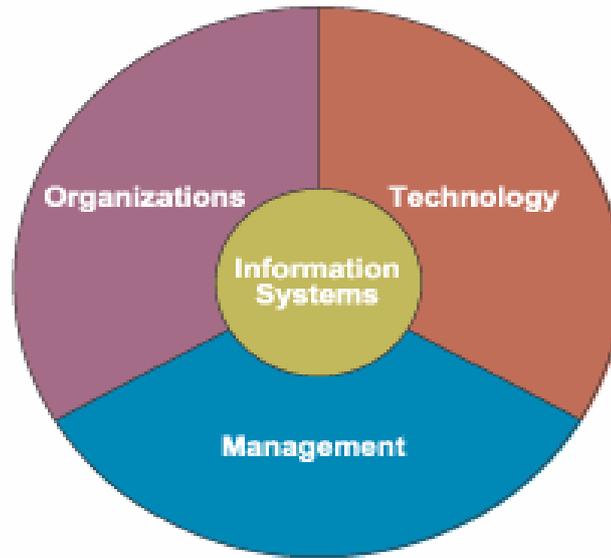
A Business Perspective on Information Systems

¹From a business perspective, an information system is an organizational and management solution, based on information technology, to a challenge posed by the environment. Examine this definition closely because it emphasizes the organizational and managerial nature of information systems: To fully understand information systems, a manager must understand the broader organization, management, and information technology dimensions of systems (see Figure 1) and their power to provide solutions to challenges and problems in the business environment. We refer to this broader understanding of information systems, which encompasses an understanding of the management and organizational dimensions of systems as well as the technical dimensions of systems as information systems literacy. Information systems literacy includes a behavioural as well as a technical approach to studying information systems. Computer literacy, in contrast, focuses primarily on knowledge of information technology.

Using information systems effectively requires an understanding of the organization, management, and information technology shaping the systems. All information systems can be described as organizational and management solutions to challenges posed by the environment.

Figure 1

¹ Laudon, K. & Laudon, J. (2006) Management Information Systems: Managing the Digital Firm, 9th ed. Prentice Hall



Review the diagram at the beginning of the chapter, which reflects this expanded definition of an information system. The diagram shows how Procter & Gamble's Web site, intranet, and sales and replenishment systems solve the business challenge of being a mature business with inefficient business processes. The diagram also illustrates how management, technology, and organization elements work together to create the systems.

Information Technology for business success.

Information technology is a modern phenomenon that has dramatically changed the daily lives of individuals and businesses throughout the world. Information technology is driven by the microchip, which owes its existence to the semi-conductor. IT solutions run the gamut from personal computers and computer software to production robotics to communications technology. Leveraging information technology for business success is key to survival in the modern business world.

Significance

Information technology has grown to permeate the business world, affecting how companies make and market their products, as well as how people communicate and accomplish their jobs in modern organizations. Specialized software shapes best-practices and industry standards, continually changing the face of business in almost every way.

Production Technology

Production technology has allowed modern companies to make great strides in operational efficiency and the effectiveness of human resources. Automation technology, such as assembly lines and computer-controlled machinery, can allow companies to produce unprecedented volumes of goods, and advances in transportation technology allow businesses to ship their products anywhere in the world.

Information technology has also changed the way that companies operate internally. Personal computers have become a necessity for a large majority of corporate jobs, and many manual labor jobs require the use of a handheld computer or other electronic device as well.

Communications Technology

Leveraging advances in communications technology is imperative to surviving in the modern business world. Advances in cellular phone technology have revolutionized the way businesspeople communicate with clients, employees, suppliers and strategic partners. The Internet has revolutionized the marketing function in addition to opening up a wide range of communication options.

Modern smartphones are changing the game yet again with the introduction of new and innovative applications. A small business owner can now access a web-based customer relationship management service on a smartphone from anywhere in the world, for example, allowing him to obtain vital data about contacts before making calls.

Conclusion :

Information systems in the world of business and management exist to serve varied needs. This article examines the role of information systems technology in business activities and management functions and discusses how organisations can best use information systems. This study provides managers and researchers with a framework for effective use of information systems for business and management purposes and offers an alternative approach to investigate the impact of new technology. The author concludes that a need exists for further research in this field to increase understanding of information systems usage in business and management. The study recommends that more attention be paid to information systems technology, as it is key to better management and succeeding in business.



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