

# A Study of Impact of Information Technology on the Industries to Develop Business Relationships

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## I. INTRODUCTION

The paper "A Study of Impact of Information Technology on Industries to Develop Business-to-Business Relationships" highlights on the fact in which the various communication tools and methods influences the internal management of any company for doing Business-to-Business Relationships. The result of the present research work/paper suggests that both the Buyers & Suppliers in a Marketing Chain uses Information Technology for developing and maintaining business relationships on large scale. The noticeable thing is that suppliers adopt the IT based methods of communication more quickly than the buyers. The growth in the Information Technology sector has really affected the management of developing business relationships in industries. Managers, therefore, need to be known and understand the affect and impact of IT on the nature of communication in order to develop a strong relationship with outsiders.

"India" is a Country with highly developed Industries, where the Big, Small & Medium Industries/Companies/ Sectors are on the increasing trends. The Big & Medium scaled Industries are really growing on the large scale. As a result, India experienced a surge in Industrial Sector. Due to this, industrial sector is experienced a boom in its credit. The real players of industries are aggressively confident and self-assertive on the Industrial Business. There are two important reasons for this. Firstly, it is now really acceptable fact that the face of the Indian customer is changing and secondly, low risk area for money laundering because of the perception of the sums involved in it. In terms of quality of assets and capital adequacy these Companies are considered to have clean and strong records in the Country.

The facts that the study reveals a huge capacity also bring with it a danger that it is true for any sector of the economy that is opening up. On the other hand the food services market is highly over-leveraged in the country. Competitions fierce, particularly from local private companies to government authorized companies. All the major industries in India are targeting on providing good and value based services to the consumers and thereby proving to emerge as a major driver's in their respective sector. Currently all the industries are

considered to be as fairly mature in terms of supply, product range and reach even though in rural sector. The ginger change and shift from manufacturing to services sector in the developing economies, globalization with the rapid evolution of IT & e-commerce desperately has affected the way business is performed, especially, in Business to Business markets.

## II. STATEMENT OF PROBLEM

The study helps to find out the following points:-

1. What is the impact of IT on the management of Business-to-Business Relationships in connection with the number of the Industries in the Country?
2. Is the Corporate or Industrial sector prepared to face challenges posed by various Industries in the Country?
3. What are the initiatives taken by the these Industries/Companies in order to deal & understand the issues & aspects of the effect of Information Technology on the management & handling of Business-to-Business Relationships?
4. Is there any comprehensive framework/model/reporting structure available For the Industries to report their initiatives undertaken in this regard.

## III. RELEVANCE OF THE STUDY

The paper "A Study of Impact of Information Technology on Industries to Develop Business-to-Business Relationships" highlights on the fact in which the various communication tools and methods influences the internal management of any company for doing Business-to-Business Relationships. The result of the present research work/paper suggests that both the Buyers & Suppliers in a Marketing Chain uses Information Technology for developing and maintaining business relationships on large scale. This study proposes to address the awareness issue in relation to the various problems faced by big & small scale agro based food industries in general and industries in specific, with

special focus on Pune businesses. It tries to understand the initiatives taken by them in this regard; as such steps are urgently required to face the various challenges & changes faced by suppliers and buyers (customers) at large.

#### IV. MEANING

To deal with let's see the meaning of the terms one by one:-

##### 1. *Meaning of Information Technology:-*

Information Technology (IT), as defined by the Information Technology Association of America (ITAA), is "the study, design, science, development, implementation, presentation, support and management of computer-related information systems". It consists of software applications as well as computer related information and knowledge. It is the technology (both hardware and software technology) that is very much required for the processing of data and other related information. It deals with the development, installation and implementation of computer systems, its packages and applications. It is thus "the art & science of development, implementation, presentation, support and management of computer-based information systems mainly software as well as computer hardware applications."

Co-relating the computer software and hardware information systems industries together, information technology is the best capability to handle electronic input, devices, process, storing, output, transmit, and also helps to receive data and information, including text messages, graphical representation, figures picturization, sound, pictures, messages and video, etc. It thus tries to control all types of the electronic machines dealing with electronic data on large scale. Thus, the Information technology has got electronic computers, networking language, satellite & communication channels, robotics, video-text messages, cable television, electronic mail ("e-mail"), electronic games, SMS and automated office equipment. The Information Industry includes of all types of computer's, channels of communications, and electronic-based devices, including hardware, software and services related to it. Completing task that too using Information Technology results in rapid processing and information mobility. It also improves reliability as well as integrity of processed information.

##### 2. *Meaning of Business-to-Business Relationships:-*

Business-to-Business Relationships is a "formal contractual relationship established to provide for regular business or services between the Suppliers and the Buyers". A business relationship like all relationships is built on trust. It expands the scope on quality, allowing interactions in the whole business relationship and two companies' perceptions of their relationship. There are three important logical steps used in building a solid business relationship between the Suppliers and the Buyers & they are as follows:-

1. To show a genuine interest in the other person's business.
2. Be willing to listen.
3. Are willing to give as much as you receive.

The objective of this research paper is to describe the exact meaning of the term relationship for buyers and sellers separately. It is a strategic issue, because it affects the organizational structure of a firm, the decision-making process of an organization, and human resource management. Buyers (i.e., mid-market industries), on the other side, consider Relationship Marketing as a strong communication process that enhances the relevance of the seller's offering.

In the face of Global free trade strategy, however, only those good -quality and value-added industrial and agricultural products could survive the highly competitive world-market. During the early ages of India's economic structure and development, Indian agriculture sector served as the core and important element of the economy, offering in-expensive food items, raw materials, resources, foreign exchange capital, a strong labour force, and a market for the industrial products. The great contributions of / from agriculture to India's economy is enhancement of both the industrial and economic development of the Country.

High production in the agricultural & industrial sector before the mid-1960's allowed India to realize its goal of using agriculture to foster its building industrial sector. As a result of this orderly economic development, it raised livelihood opportunities and created a better living environment for its people. Thus, in the phase of these changes, agricultural development was gradually shifted from an economic goal to a societal goal. In view of this, the importance of agriculture will never be ignored. No matter how insignificant and indifferent its role may appear to be in the progress of economic development, but agriculture will always remain an essential sector closely linked to people's way of life and their survival. The food industry is a very important component of Indian Agriculture. In the earlier stage of the Economy, the processed food industry made use of high level of the agricultural products & items for export, earning a considerable amount of foreign exchange to help to develop our nation's economy. The rural economy has developed very properly because of only agricultural products sold to various food factories and the workers employed in these factories. Presently, globalization and trade liberalization has really allowed the importation of several food and agricultural products into India.

However, domestic food industries have continued to create an enormous demand for agricultural products, which includes of the contracted crops and seasonal agricultural products as well. India has to phase out its passive protection of its agriculture and make its production more consumers market-oriented with a growing competition in free-trade markets. India should do everything possible to prove its competitiveness in the production of farm based items and expand its market

globally for the same. The food processing industry thus can add value and give importance to farm products, making agriculture more industrialized and commercialized. It has also helped to transform the same from a primary industry to a secondary and/or tertiary industry and motivating farmers to gain profits not only from the land or field, but also from the outputs of post-harvest techniques and technology. This activity can very well ensure farmers a stable income source from a commodity's production to its selling and marketing.

3. Thus, the Research Topic includes two important things:-

- a. IT: that "Information Technology" Which includes all new methods of communication like:- Internet, e-mail, websites, SMS, Mobile Phones, Computers etc.
- b. & B2B: that is Business-to-Business Relationship This includes Suppliers & Buyers Relationship.

The different options available to communicate for the business process depends on the nature of relationships between the subjects, contents in the message & other requirements like speed, privacy & reliability of the communication tool. Though researchers have revealed the usage of different communication methods, the impact of such methods is little studied. This paper studies not only the current usage but also the perceived current & future usefulness & future usage of the communication methods employed in business. Moreover, the study also focuses on the attitude towards IT to present a comprehensive scenario emphasizing the impact of IT on the management of Business-to-Business relationships, in connection with the Food Industries in Pune. There has been a limited research into the impact of IT upon the business relationships. IT has altered not only the physical communication methods used but also the range of information & the depth of information exchanged. Therefore, it is also feasible that the relationship atmosphere itself has changed. The nature of communication when using electronic methods may differ from that when communication face to face which may alter the interaction between companies & affect their relationship.

## Various IT methods (Technical) used of Communication:-

(According to 2007 report)

1. Face-to-face contact to Audio-contact.
2. E-mail methods.
3. Net working connections.
4. Internet Marketing for Communication.
5. Web-site connections etc.
6. Research & down-loading software.

#### V. SCOPE OF THE STUDY

- The study is restricted to the impact of IT on Business-to-Business Relationships only.
- The study will cover the effect of IT influencing business relationship especially on the Industries in the Country.

#### VI. OBJECTIVES OF THE STUDY

- To find out the impact of IT on the management of Business-to-Business Relationships in the Industries of the Country.
- To examine the growth of IT Industries upon the Business Relationships of Industries in the City/District/Country.
- To study the various operations involved in providing Communication Services/Tools/Methods by IT Industries influencing the management of Business Relationships in Country.
- To evaluate the Customer's Perceptions in availing Services from various Industries in the Country.
- To examine the various Opportunities and Challenges prevailing for these Industries/Companies to grow in the Country in Future.
- To suggest the IT relationship framework suitable for businesses of industries/companies of the Country.
- To build the measurement model suitable for businesses of the Country to assess the impact of information technology for maintaining/developing the initiatives taken by them.

#### VII. JUSTIFICATION OF THE OBJECTIVES:-

Unless the core issues of IT are understood by the business leaders the initiatives will not be taken up by the industries (Corporate sector) and they need to have a comprehensive reporting framework to initiate their actions in this regard. We therefore need to build the measurement systems, reporting structures and legal norms & infrastructure to facilitate this important and crucial work. The objectives of this study try to focus these issues and provide answers for the same.

#### VIII. HYPOTHESIS

Considering the growth in the IT sector and the services provided by them to the Industries, it is perceived that this sector will witness a growth in the years to come and customers will have wider options for availing food

products provided by Medium & Small Agro based Food Industries in Pune City/District.

#### IX. STATEMENT OF HYPOTHESIS

- Introduction of IT has really improved the Business-to-Business Relationships.
- It has definitely widened the availability of various options by the Industries in the Country.
- Few industries of Pune undertake some business relationship initiatives related to/based on IT.

#### X. WORKING DEFINITIONS OF THE TERM USED

##### 1. Information Technology Means:-

Information Technology (IT), as defined by the Information Technology Association of America (ITAA), is “the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware”.

##### 2. Meaning of Business-to-Business Relationships:-

Business-to-Business Relationship is a “formal contractual relationship established” to provide for regular business or services between the Suppliers & the Buyer’s.

These are the “Industries which are totally based on Agricultural and Industrial sector for their further growth, expansion & survival”. The food industry is an essential & important component of our Indian Agriculture. The food processing industry in Pune is one of the largest in terms of the production, consumption, and distribution network as well as import-export and growth prospects. Buoyed by a favorable policy environment and the demand-push impact of a young consuming class with growing income and consumption, India offers a very relevant investment opportunity in the food and agri-business sector and thus, is likely to become a WORLD PLAYER in this business. The Indian economy is an agrarian economy, where the contribution of agriculture is approximately 20 % of the Country's Gross Domestic Product and also provides livelihood to almost 67 percent of the country's population.

With a leadership position in the production of several key agricultural commodities including cereals, fruits & vegetables and dairy products, India's supply strength in agriculture is immense, with a potential to emerge as the leading agro-economy of the world. Pune is making an important mark in the global food arena - both as a large Producer and exporter of agricultural products and has also got a very large and growing market for the processed food items. The favorable economic & agricultural policy of the Government, Environment and increasing Interest of the Corporate in agriculture and agro-food business augurs well for Pune. Considering the growth witnessed by the sector in the last decade and

further improvement in growth rate expected in the years to come, this sector has got varied opportunities for investment across the entire agro-value chain.

This is really good that this publication will be instrumental in further strengthening the global ties between India and global businesses, by focusing the investment attractiveness and business potential in the agro- industrial sector. The Federation of Indian Chambers of Commerce and Industry (FICCI) remain committed to the concerned stakeholders in considering on the business partnership, thus creating an overall positive image for the Indian agro- industrial business in times to come. Many industries in India have always retained their significance & relevance because of their industrial dealings & belt. But now they have come into prominence because of its fast-track implementation of the centrally-sponsored projects and carrying out of the prescribed reform agenda on an aggressive manner.

The Country is on track so far as implementing projects are concerned. But Maharashtra has already exhausted its quota of getting central funds. Ideally, there should have been an incentive scheme under which performing cities should receive more grants as they are efficiently completing their projects and that too on time. Though the city is unlikely to receive any more funds until the scope of the central scheme is extended further, it has already completed some of the major urban reforms tied to New Delhi's disbursement of grants. In addition to migrating to double entry system of accounting, the city has facilitated payment of taxes online and use of online tendering system apart from shifting to a GIS-based property taxation system. No wonder, the property tax collection is already above 90%.

#### XI. CONCLUSION

Considering the growth in the IT sector and the services provided by them to the Medium & Small Industries, it is perceived that this sector will witness a growth in the years to come and customers will have greater options for buying various products and items provided by them in Pune City/District. Thus, in conclusion it can be concluded that Suppliers are more computer literate and savvy than the buyers. They only use this mode or method more for communication than the customers. So, there is a huge requirement of this type of information technology on the part the Manufacturers and the companies because their dependency and requirement is more as compared to other groups from the society. That's why it is important for the manufacturers to develop and maintain the relationship and contact with their customers by using these new methods of communication in order to retain them with the firm.

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