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The Impact of Artificial Intelligence on Modern Management Practices

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Abstract:

AI is significantly transforming business management by enabling smarter decision-making and automating routine tasks. It analyzes vast amounts of data, providing insights and predictions beyond human capability, which helps managers, make more objective and accurate decisions. However, this shift raises concerns about fairness and accountability, especially with complex AI systems that are difficult to understand. As AI takes over basic tasks, managers are freed to focus on more strategic activities, though this requires developing new skills like data literacy and effective collaboration with AI systems. Despite the potential for AI to add \$4.4 trillion in value, many companies struggle with adoption due to challenges like ethical issues (data privacy, algorithmic bias), a lack of skilled workers, high costs, and difficulties integrating AI with existing technologies. The study found that most AI users are younger and believe AI is reshaping managerial roles, helping them make better decisions and increasing productivity through automation.

KeyWords: Artificial Intelligence, Management Practices, Technology Adoption, AI-driven Strategies, Business Transformation, Innovation in Management

Introduction

The quick rise of Artificial Intelligence (AI) is completely changing how we manage businesses. It's not just another tool; it's a major shift that's making us rethink how we lead and run companies. AI is affecting everything from big-picture strategy to daily tasks and even how we manage our people. This paper will look at how AI is influencing modern management, exploring both the new opportunities it creates and the complex challenges it introduces.

AI's biggest impact is on how managers make decisions. By quickly analyzing huge amounts of data, AI can offer insights and predictions that are far beyond what a person could figure out on their own. This means managers can make smarter, more objective choices instead of relying on gut feelings. While this is a huge advantage, it also brings up new questions about fairness and accountability, especially with complex AI systems that can be hard to understand. Ultimately, as AI takes over routine tasks, managers will be able to focus on what matters most: leading their teams, solving complex problems, and guiding their organizations into the future. But to do this, they will need new skills, like being able to understand data and work alongside AI systems effectively.

Background The concept of AI predates computers, but the field was officially born at a 1956 Dartmouth workshop. Early overconfidence led to "AI winters" where funding dried up. The field was later revived by new investment and the advent of powerful computers, vast data, and advanced deep learning. These modern breakthroughs have positioned AI to automate complex cognitive tasks, fundamentally changing the principles and practices of management.

Problem statement Despite AI's potential to generate trillions in value, many companies are struggling to implement it effectively. A 2023 IBM report indicates that few businesses are seeing significant revenue increases from their AI projects. The main obstacles are ethical concerns like algorithmic bias, a shortage of skilled workers, high costs, and the difficulty of integrating new AI systems with older technology. Managers need a structured, evidence-based approach to successfully navigate these complexities.

Objective

1. Analyze the impact of AI on Managerial Decision-Making
2. Assess the Evolution of Managerial Roles and Skills
3. Examine the Challenges of AI Integration in Organizational Management
4. Evaluate the Ethical Implications of AI in Management

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5. Determine the Influence of AI on Human-AI Collaboration
6. Explore the Role of AI in Transforming Human Resource Management
7. Examine the Contribution of AI to Strategic Innovation

Review of literature

Artificial Intelligence (AI) is revolutionizing business management practices across various sectors, transforming decision-making, efficiency, and innovation (Anuranjita Dixit, 2024). AI technologies, including machine learning and natural language processing, are being integrated into key management areas such as marketing, operations, human resources, and finance (TAPAMOB IO.X. et al., 2024). This integration enables process automation, improved planning, and enhanced data analysis, leading to increased competitiveness in a rapidly changing business environment (Panovski et al., 2024). While AI offers significant benefits in optimizing operations and improving customer experiences, its adoption also presents challenges, including ethical considerations and the need for employee upskilling (TAPAMOB IO.X. et al., 2024; Anuranjita Dixit, 2024). To successfully implement AI solutions, organizations must adopt a strategic approach, focusing on skilled talent acquisition and ethical considerations (Kumar & Priyatharsini, 2025). As AI continues to evolve, it is expected to play an increasingly significant role in shaping the future of business management practices (TAPAMOB IO.X. et al., 2024).

Significance of the Research

This research is important because it offers a balanced view of AI, avoiding both the over the top hype and the baseless fears. It argues that the biggest challenge with AI isn't the technology itself, but how companies and their leaders manage the change. The report provides a clear framework for understanding AI's impact and highlights that upskilling and continuous learning are now crucial for a company to stay competitive.

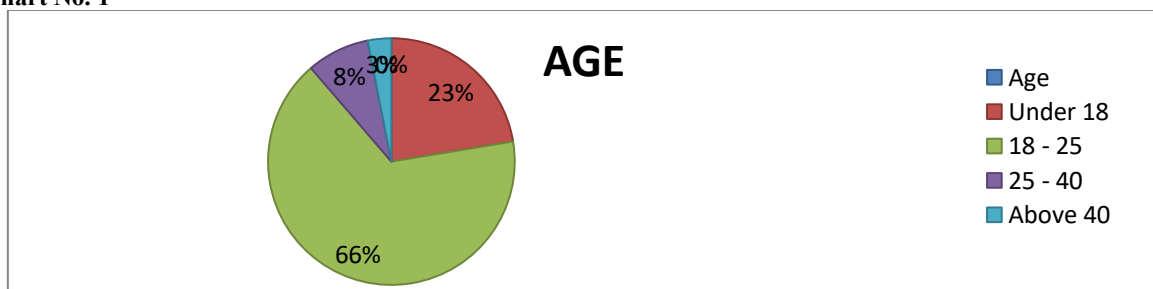
Scope of study

A research study on the impact of Artificial Intelligence on management practices would focus on how AI is changing the way companies are run. The

Data Analysis and Interpretation

Q.1 Age Group

Chart No. 1



Interpretation:

- The majority (66%) of respondents are in the 18-25 age groups, indicating that the young segment constitutes the majority of AI users.

scope of this study would involve three key areas. First, it would examine how AI is being used in different management functions, such as improving decision-making, streamlining day-to-day operations, and transforming human resources. Second, it would look at the new challenges and opportunities for managers, including the need to develop new skills, address ethical concerns like data privacy and fairness, and successfully manage the process of introducing AI into a company.

Research Methodology

Research Design

The study follows a descriptive research design, using primary and secondary data sources.

Data Collection Method

Primary Data: A structured questionnaire was administered to 100 respondents in Bhiwandi.

Secondary Data: Information was collected from journals, industry reports, books, and websites.

Sample Size and Sampling Technique

Sample Size: 100 respondents

Sampling Technique: Random sampling method

Data Analysis Techniques

Data was analyzed using statistical tools and graphical representation, including pie charts and percentage analysis.

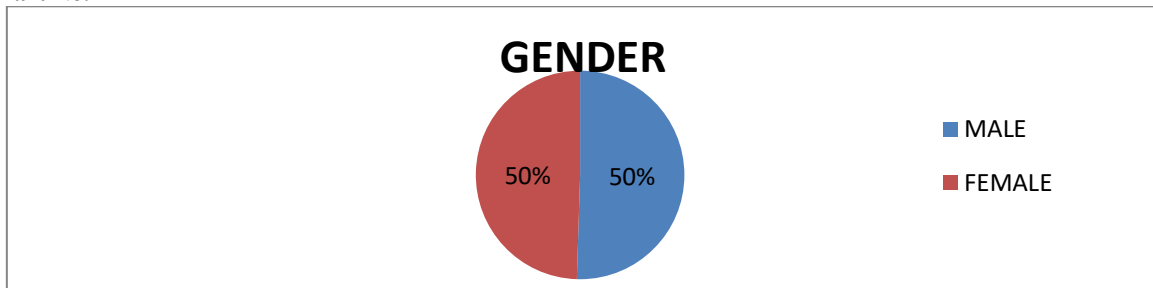
Hypothesis

- Hypothesis 1 (H1): Artificial Intelligence adoption significantly improves decision-making efficiency in management practices.
- Null Hypothesis (H0₁): Artificial Intelligence adoption does not significantly improve decision-making efficiency in management practices.
- Hypothesis 2 (H2): The integration of Artificial Intelligence in management reduces human errors and enhances overall organizational productivity.
- Null Hypothesis (H0₂): The integration of Artificial Intelligence in management does not reduce human errors nor enhance overall organizational productivity.

- Only 8% are aged 25-40, and 3% is above 40, suggesting limited reach among older demographics.

Q.2 Gender

Chart No.2

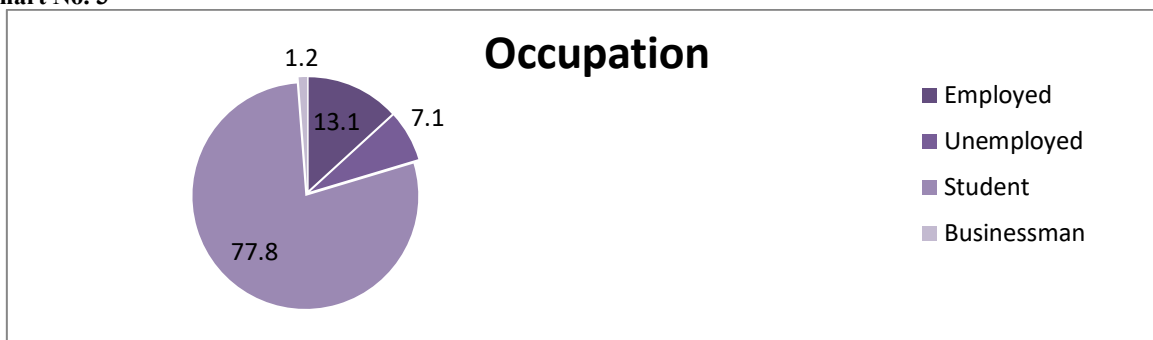


Interpretation:

- 50% of respondents are Male, 50% of respondents are female.

Q.3 Occupation

Chart No. 3

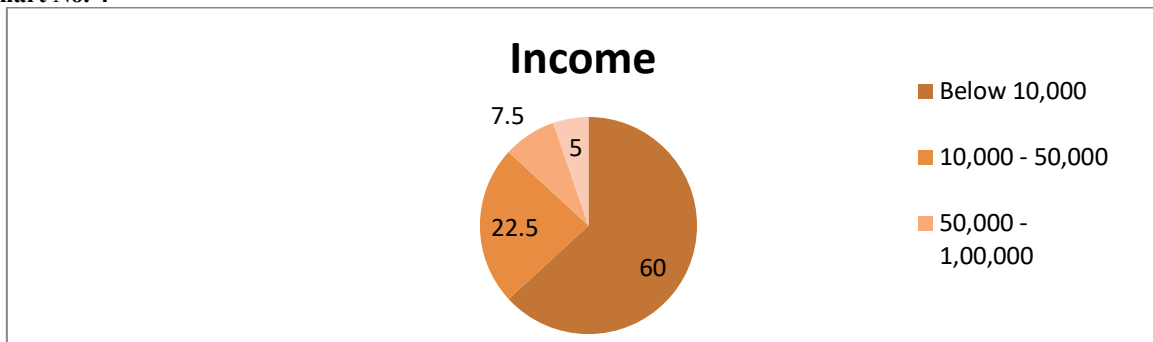


Interpretation:

- 77% of respondents are students, suggesting that AI is widely popular among teenagers. Where else 13% respondents are employed, 7% of respondents are Unemployed, few respondents are Businessman.

Q.4 Income

Chart No. 4

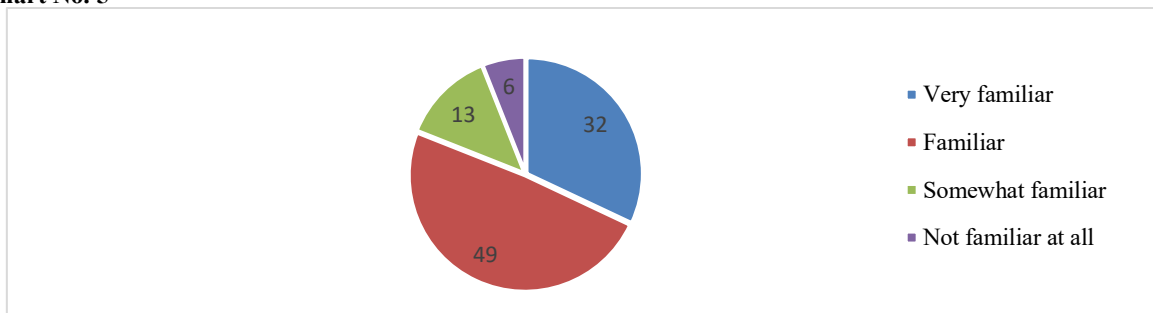


Interpretation:

- Majority of 60% of respondents have a household income below Rs 10,000, indicating about Budget suitability.
- A significant portion (22%) falls within the Rs 10,000-50,000 range, indicating mid-income consumers.

Q.5 How familiar are you with Artificial Intelligence (AI)?

Chart No. 5

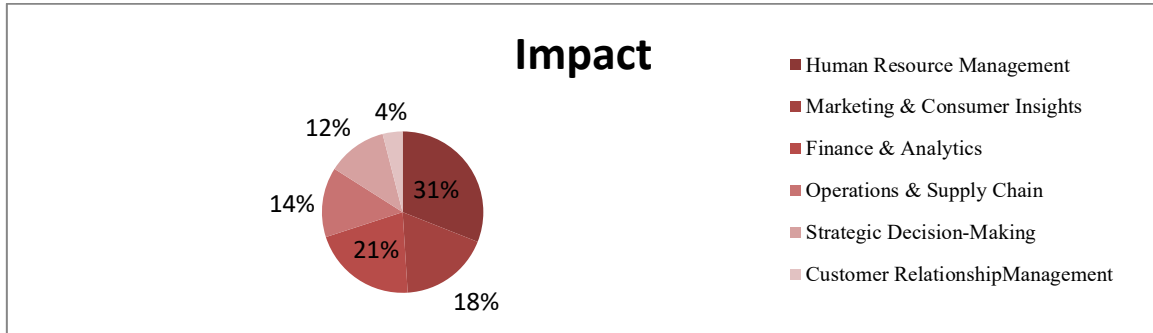


Interpretation:

- The chart indicates that the majority of 49% respondents are familiar with Artificial Intelligence else were, 6% are of not familiar at all.

Q.6 in which management area do you think AI has the most impact?

Chart No. 6

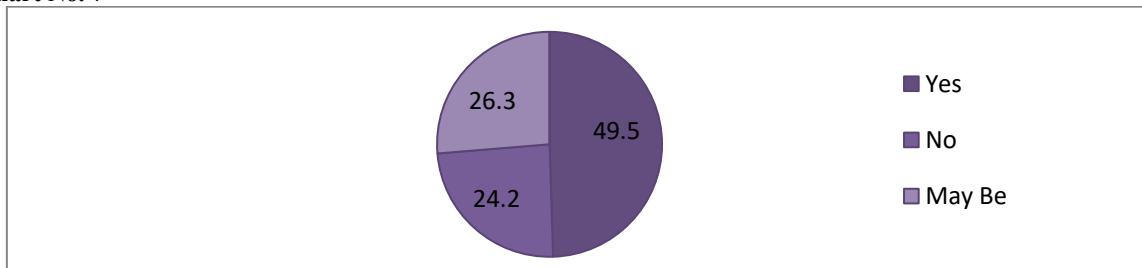


Interpretation:

- Majority of Human Resource Management is high by 31% response were AI has high impact in Management area.
- 21% of respondents agrees on Finance and Analytics and 18% of Marketing and Consumer insights.

Q.7 Do you believe AI is transforming the role of managers in organizations?

Chart No. 7

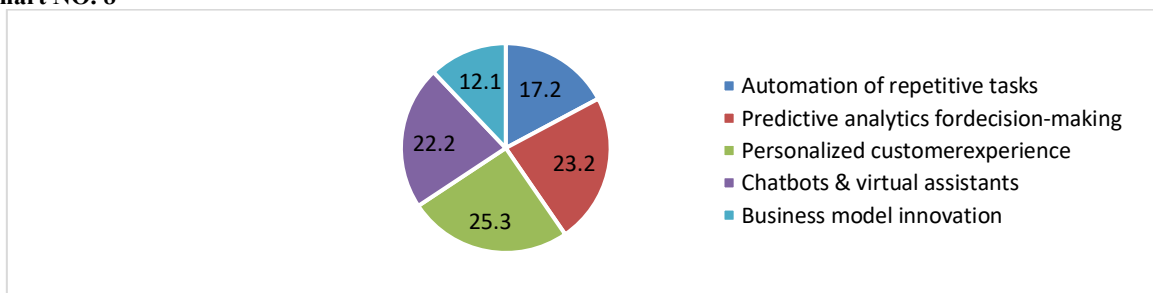


Interpretation:

- The chart indicates that 49.5% of respondents believe that AI is transforming the role of managers in organizations.

Q.8 Which of these AI applications in management excites you the most?

Chart NO. 8

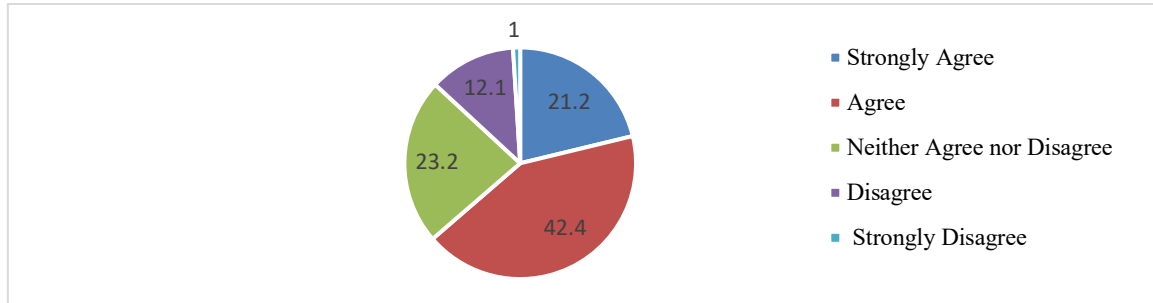


Interpretation:

- As per the given chart 25% of respondents opinion is Personalized customer experience is more exciting AI application in Management.
- Predictive analytics for decision-making come at second position by 23%.

Q.9 To what extent do you agree that Artificial Intelligence (AI) has a positive overall impact on organizational performance?

Chart No. 9

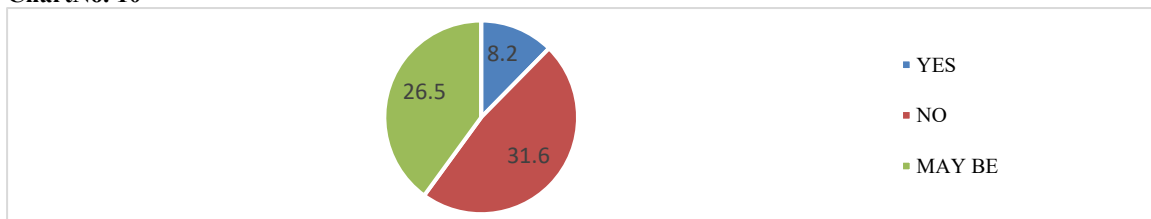


Interpretation:

- 63% of respondents believe that Artificial Intelligence (AI) has a positive overall impact on organizational performance.
- On the other side 33% of respondents disagree with the following statement.

Q.10 Do you think AI will create or reduce job opportunities in management-related fields?

ChartNo. 10

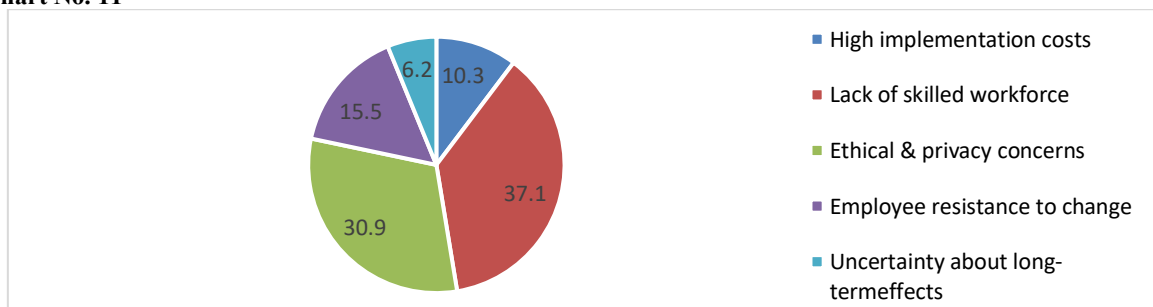


Interpretation:

- The chart indicates that 31% of respondents believe AI will not create or reduce job opportunities in management-related fields.
- 26% of respondents agree with the statement that AI will create or reduce job opportunities in management-related fields.

Q.11 What is the biggest challenge organizations face in adopting AI?

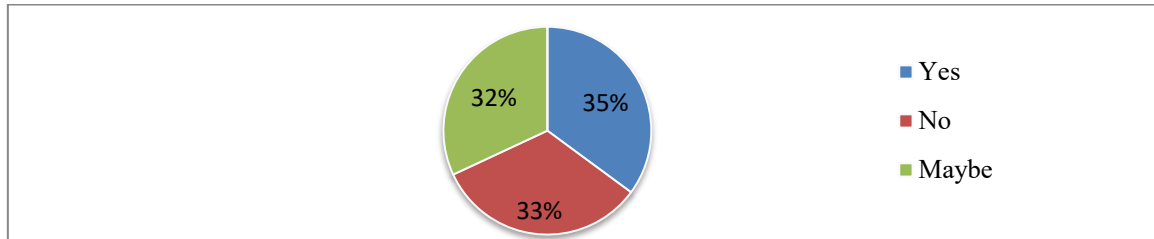
Chart No. 11



Interpretation:

- The chart shows that the biggest challenges to AI adoption are Lack of skilled workforce, Ethical and Privacy concerns, and Employee resistance to change can lead difficulty integrating new AI systems with existing technology.
- The challenges may also cause from High implementation costs and Uncertainty about long-term effects.

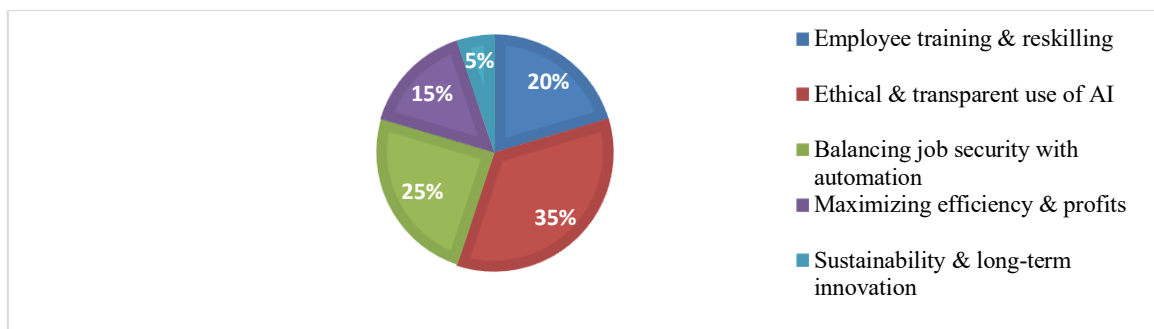
Q.12 Do you trust AI for fair and unbiased decision-making in management?
Chart No. 12



Interpretation:

- 35% of respondents trust AI for fair and unfair decision-making in management.
- 33% of respondents don't trust AI for fair and unfair decision-making in their management.
- 32% of response is neutral.

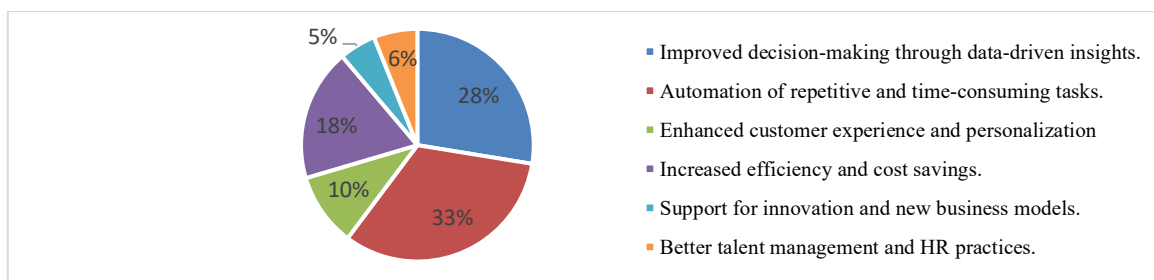
Q.13 What should organizations prioritize when integrating AI into management?
Chart No. 13



Interpretation:

- Majority of respondents 35% believe that an organisation should prioritize Ethical and Transparent use of AI when integrating AI into management.
- 25% of respondents believe that an organisation should prioritize Balancing job security with automation.
- 20% of responses says that it is also important to Train Employee and reskilling them.

Q.14 whatdo you think is the biggest advantage of adopting Artificial Intelligence (AI) in modern management?
Chart No. 14

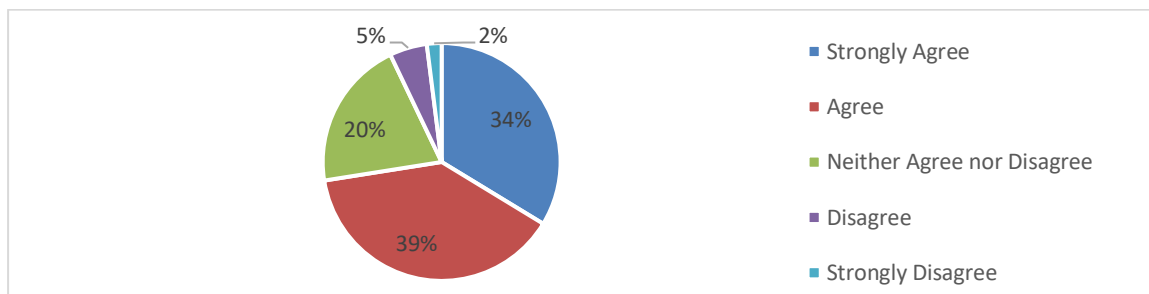


Interpretation:

- The findings section of the paper states that the biggest advantage is that AI helps managers make better, more accurate decisions by analyzing large amounts of data, rather than relying on guesswork.
- According to the respondents the biggest advantage of adopting AI is Automation of repetitive and time consuming tasks and Improved decision-making through data-driven insights.

Q.15 Do you think managers need to develop new skills to work effectively with AI systems?

Chart No. 15

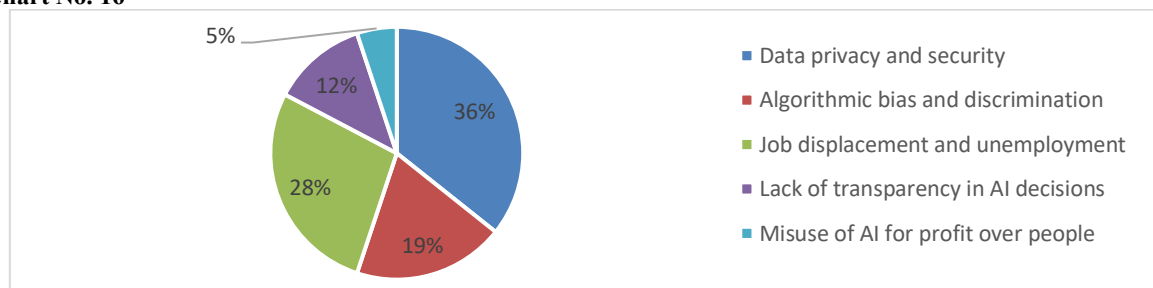


Interpretation:

- Majority of 39% respondents agree about thinking that managers need to develop new skills to work effectively with AI systems.
- The findings section of the paper suggest that managers will need to develop new skills, such as data literacy and effective collaboration with AI systems, as AI takes over routine tasks.

Q.16 From your perspective, which ethical issue worries you the most about the use of Artificial Intelligence (AI) in management?

Chart No. 16

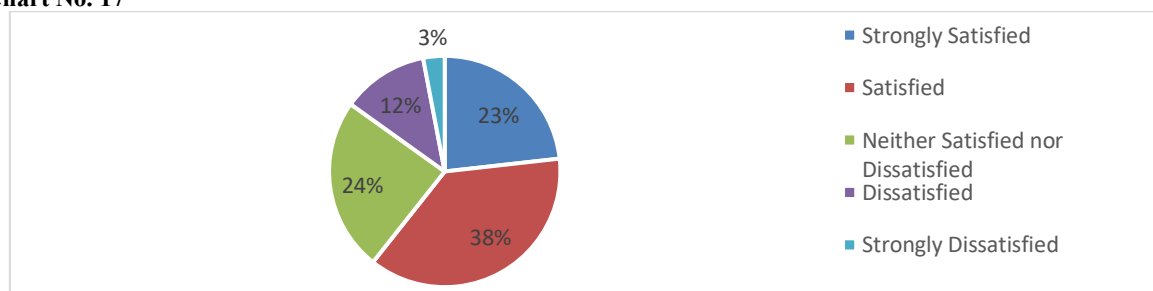


Interpretation:

- The chart indicates that most of the respondents across 36% worries about the Ethical issue of Data privacy and security when using Artificial Intelligence in Management.
- 28% of respondents worry about the Job displacement and unemployment.

Q.17 How satisfied are you with the way organizations are adopting Artificial Intelligence (AI) in management practices?

Chart No. 17

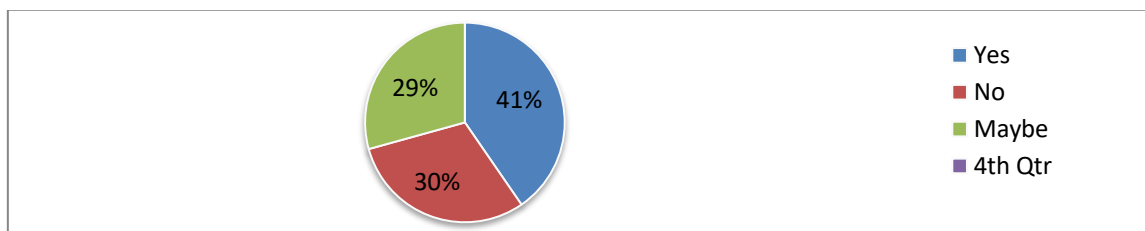


Interpretation:

- 61% of respondents are satisfied with the way organizations are adopting Artificial Intelligence (AI) in management practices
- 24% from the chart are neutral else were 15% are dissatisfied with the following statement.

Q.18 In your opinion, can Artificial Intelligence become a key driver of innovation and growth in management over the next decade?

Chart No. 18

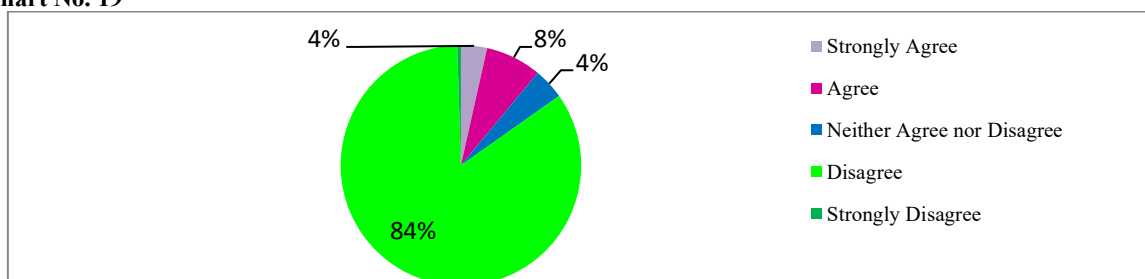


Interpretation:

- Majority of 41% of respondents says that Artificial Intelligence will become a key driver of innovation and growth in management over the next decade.
- 29% from the chart are neutral else were 30% are disagree with the following statement.

Q.19 Do you think the use of Artificial Intelligence in management may increase dependency on technology and reduce human decision-making skills?

Chart No. 19



Interpretation:

- Majority of 84% respondents disagree thinking that use of Artificial Intelligence in management may increase dependency on technology and reduce human decision-making skills.
- Which is a good sign that humans are not fully dependent on technology.

Findings

- The majority of AI users are young (18 – 25 years) and students
- 52.5% of respondents are familiar with Artificial Intelligence.
- 59.5% of respondents believe that AI is transforming the role of managers in organizations.
- **Using AI helps managers make better decisions.** Instead of relying on guesswork, they can use AI to analyze large amounts of data, which leads to smarter and more accurate choices.
- **When companies use AI, they make fewer mistakes and get more work done.** The technology automates routine tasks, which makes the whole organization more productive and efficient.

Limitations of the Study

- The study is limited to Bhiwandi, and findings may not apply to other regions.
- Sample size is limited to 100 respondents, which may not fully represent the entire population.

- Counterfeit detection is based on consumer awareness, not physical verification.

Recommendations

- **Develop a clear AI strategy:** Many companies struggle to see ROI from AI investments because they lack a focused implementation plan. A solid strategy is key for success.
- **Upskill for AI collaboration:** As AI handles routine tasks, managers must develop new skills like data literacy and collaboration with AI systems to stay competitive.
- **Tackle AI adoption challenges:** Common barriers include high costs, skill shortages, and integration issues. Future research should explore ways to overcome these challenges.
- **Expand the scope of the study:** The current study was limited to 100 respondents in Bhiwandi. For future research, consider a larger sample size and a broader geographical area to ensure the findings are more representative of the general population.

Conclusion

1. **AI's positive impact:** AI improves decision-making and productivity by reducing human errors and automating routine tasks, freeing managers to focus on strategic roles.
2. **Adoption challenges:** High costs, skilled worker shortages, and difficulties integrating AI with old systems make adoption tough.

3. **Need for a solid strategy:** Having AI tech alone isn't enough; a clear implementation strategy is essential for a good return on investment.
4. **Importance of upskilling:** Managers must prioritize continuous learning and upskilling to effectively manage AI systems.
5. **AI as a driver of growth:** AI is a key factor in innovation and growth, shaping the future of business management.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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