

Chapter 7: Business Management

I-Summary: This chapter describes the purpose and functions of business management. The first function of management is business planning, which is accomplished by establishing goals, setting standards, and deciding on work strategies. Next, managers hire and train employees and organize work processes. Managers also lead by setting deadlines, resolving conflict, and providing feedback to workers. Finally, managers exercise control by monitoring employees and customer satisfaction. Top-level managers have titles such as CEOs and vice-presidents. They generally do most of the planning and organizing for a company. Middle managers go between top-level managers and operational managers. Operational managers work directly with employees, performing more of the leading and controlling functions. Most managers begin their careers in an entry-level position and earn a promotion into management. Management can be structured several ways within a company. One example is a centralized structure, which gives all authority to top management. Smaller businesses can be run more informally with, for example, partners working on different projects alone. Managers must be task-oriented, good communicators, and calm under pressure.

I-Quiz

Quiz yourself to check your understanding. For each question, you will hear four answer choices. After you hear all four answer choices, choose your answer during the pause. Then you will hear the correct answer. Let's begin.

Question 1

Measuring how a business performs is an aspect of which management function?

- a. controlling
- b. leading
- c. organizing
- d. planning

Question 2

Creating goals and objectives is an aspect of which management function?

- a. controlling
- b. leading
- c. organizing
- d. planning

Question 3

Which kind of manager works most directly with employees?

- a. top-level
- b. middle
- c. operational
- d. vice-president

Question 4

Which kind of management structure would an international company most likely have for its overseas businesses?

- a. line authority
- b. line-and-staff authority
- c. centralized
- d. decentralized

Question 5

If you were an operational manager, to what position would you probably be promoted to next?

- a. entry-level
- b. middle management
- c. top-level management
- d. chief executive officer

Answer Key

- 1.** The correct answer is A, controlling. Managers need to ensure that financial and operational goals are met, so they are constantly looking at how the business is performing.
- 2.** The correct answer is D, planning. During the planning stage, the manager decides on goals and objectives, and figures out resources needed to meet them.
- 3.** The correct answer is C, operational. Operational managers work on a daily basis with employees, mostly in a leading and controlling function.
- 4.** The correct answer is D, decentralized. It would easiest for a large international company to give authority to a number of different managers, using a decentralized management structure.
- 5.** The correct answer is B, middle management. The next step in most companies would be middle management, the go-between for operational management and top-level management.