

# CHAPTER – 2 PRINCIPLES OF MANAGEMENT

## ❖ SIGNIFICANCE/ IMPORTANCE OF PRINCIPLES OF MANAGEMENT

The significance of principles of management can be derived from their utility which can be understood from the following points:

- 1. Providing managers with useful insights into reality:** Management principles guide managers to take right decision at right time by improving their knowledge, ability and understanding of various managerial situations and circumstances
- 2. Optimum utilization of resources and effective administration:** Management principles facilitate optimum use of resources by coordinating the physical, financial and human resources. They also help in better administration by discouraging personal prejudices and adopting an objective approach.
- 3. Scientific decisions:** Decisions based on management principles tend to be more realistic, balanced and free from personal bias.
- 4. Meeting the changing environmental requirements:** Management principles provide an effective and dynamic leadership and help the organization to implement the changes.
- 5. Fulfilling social responsibility:** Principles of management not only help in achieving organizational goals but also guide managers in performing social responsibilities. Example : “Equity” and “Fair” remuneration.
- 6. Management training, education and research:** Management principles are helpful in identifying the areas in which existing and future managers should be trained. They also provide the basis for future research.