

they cannot do that, but it is up to the business administrator, through modern means of publicity, to get these facts across to them."

NO ONE can read the paper by Mr. Dennison, "Who Can Hire Management?", without receiving intellectual stimulation. It is not dogmatic but inquiring and suggestive. It raises many detail questions and the author was quite aware that most of these are matters for investigation and careful thinking. The entire paper is indicative of that "thinking out loud" going on in the minds of progressive executives who are inquiring into the real nature of management and into the bearing any new understanding of its real nature may have on the problems of organization goodwill and esprit, and on cooperative efficiency. Of fundamental importance is Mr. Dennison's conception that the essential nature of an enterprise is such that its organization cannot be represented by a straight-line organization chart, with impulse and authority flowing from top to bottom. Every person concerned in an enterprise, from owner to humblest worker, is part manager and part worker. We imagine Mr. Dennison's concept of an organization could be best presented graphically on the surface of a hollow globe, with points on that globe representing functions connected each with all others by strings showing relations among functions—each point a source of some degree of creative energy and by virtue of that fact a source of authority and influence as well as a center of responsibility.

AMONG the questions raised by Mr. Dennison is one of secondary importance—an inquiry "on the side" and not essential to his main argument—which interests us very much; that is his inquiry about the value of distinguishing between the functions *administration* and *management*. Says Mr. Dennison:

This principle of relativity emphasizes that the men through whom any manager carries out his job are operatives, relative to him, and managers, relative to the men of whom they are in charge. Doesn't this throw some light upon the pet Taylor Society distinction between administration and management? . . . analysis of the dynamics of managing seems to offer no grounds for a fundamental distinction between administration and management . . .¹

We agree with the first and second sentences of this excerpt, but not with the third. Mr. Dennison's

¹See p. 106.

paper does throw light upon the significance of the distinction between administration and management, but it does not remove the grounds for such a distinction, for the distinction is not dependent upon the assumption of exclusive sources of creative effort, impulse and authority—upon straight-line organization. The distinction is thoroughly consistent with Mr. Dennison's general ideas.

THE concept of a distinction between administration and management was first presented by the author of this editorial in the article *Scientific Management* in the "Encyclopedia Americana." In that article the following statement was made:

A clear understanding of scientific management requires that management be not confused with administration. Management characterizes the organization and procedure through which collective effort is effected; administration characterizes those considerations and decisions which establish the purposes which create the need for management and those broad governing policies under which the management proceeds . . . This distinction between administration and management clearly in mind, it may be understood that administration is largely a process of forming judgments, may have serious social, political and other moral aspects, must be largely empirical and can utilize in but a limited way principles and laws determined by the scientific method of investigation; whereas management on the other hand is concerned with the relations and reactions of particular forms of organization, routine, materials, equipment, and physical and psychological conditions, may proceed upon principles determined by the scientific method of investigation, and is more or less mechanistic in its nature.²

The distinction was again brought to public attention by J. William Schulze in a paper before the May, 1920, meeting of the Taylor Society at Rochester, N. Y.

"Administration"—the function of determining the objectives toward which an organization and its management are to strive, the facilities with which it is to work, and the governing policies and restrictions under which it must work.

"Organization"—a combination of the necessary human beings, materials, tools, equipment, working space and appurtenances, brought together in systematic and effective correlation to accomplish some desired object.

"Management"—the function or force responsible for directly conducting the organization towards the objective set up for it, and keeping it within the governing policies imposed upon it by the administrative officials.³

²The "Encyclopedia Americana" article was reprinted in full in *Bulletin of the Taylor Society*, Vol. IV, No. 5, p. 10, October, 1919.

³*Bulletin of the Taylor Society*, Vol. V, No. 3, p. 120, June, 1920.

In Oliver Sheldon's "The Philosophy of Management"⁴ the distinction is again drawn in a clear and convincing manner:

There are three terms, constantly recurrent in any treatment of the structure of industry, which it is important to define with some exactitude—Administration, Management and Organization. Though frequently treated as almost synonymous, the three terms, if not easily separable, at any rate should convey quite distinct impressions. For the purpose of this book, they may be defined thus—

Administration is the function in industry concerned in the determination of the corporate policy, the coordination of finance, production and distribution, the settlement of the compass of the organization, and the ultimate control of the executive.

Management proper is the function in industry concerned in the execution of policy, within the limits set up by administration, and the employment of the organization for the particular objects set before it.

Organization is the process of so combining the work which individuals or groups have to perform with the facilities necessary for its execution that the duties, so formed, provide the best channels for the efficient, systematic, positive, and coordinated application of the available effort.

Organization is the formation of an effective machine; management, of an effective executive; administration, of an effective direction. Administration determines the organization; management uses it. Administration defines the goal; management strives towards it. Organization is the machine of management in its achievement of the ends determined by administration.

IT SHOULD be observed that in these definitions administration and management are defined as functions. As with respect to any function involved in the conduct of enterprise there is no implication who is or should be, or how many are or should be responsible for either administration or management. That is yet to be determined by just such inquiries as Mr. Dennison's. A person associated with others in an enterprise may be at the same time administrator, manager and detail executor (worker). It depends upon how responsibilities are assigned in any particular organization. We imagine that in his enterprise Mr. Dennison is primarily an administrator, secondarily a manager and remotely a detail executor; Mr. Rich is primarily a manager, secondarily an administrator and remotely a detail executor; a workman who is member of the shop executive committee is primarily a detail executor, secondarily a manager and remotely an administrator; a worker who has no committee duties is primarily a detail executor, remotely a manager and very remotely

⁴Prentice-Hall Company, New York (1923), pp. 31, 32.

an administrator. The question is not one of persons; it is one of functions. The functions delineated in the above definitions clearly do exist in enterprise. Whether the terms chosen are the most suitable is another question which we do not consider here, although we think they are.

THESE functions exist not only in industrial enterprise but in any kind of enterprise; not only in large corporate enterprise but in the small or even sole enterprise; not only in an enterprise as a whole but in any distinguishable unit of it. In military affairs the Secretary of War and the General Staff are concerned primarily with administration; the field officers with management. In a church the deacons and pastor are concerned primarily with administration, and the pastor, Sunday-School superintendent, treasurer and secretary with management. In a club there is a function pertaining to the determination of general policy and another pertaining to the utilization of facilities for carrying out that policy. In the household the mistress is concerned with the administrative problem of general regulation of household affairs, the managerial problem of planning work, utilizing facilities, and frequently also with the operative problem of detail execution. The young graduate of the medical school and hospital service has the administrative problem of determining a general policy for his career (medical, surgical or narrower specialization, for instance), the managerial problem of planning and supervising his individual effort to carry out that policy, and the problem of detail execution in writing prescriptions, driving his car, making out bills, and so on. In the large enterprise there is an administrative and a managerial function for that enterprise as a whole, corresponding functions for each major department, and furthermore, corresponding functions for each subdivision down to the ultimate units. The United States Steel Corporation has its administrative and managerial functions, but so also does the smallest mimeographing unit in the remotest corner of that great enterprise. Cooperative or sole effort purposively to bring something to pass involves inherently the definition of purpose and formulation of general policies and plans, planning operations and the manipulation and coordination of facilities, and active individual effort. These things are independent of the nature of the enterprise, of persons, of size, or of whether the enterprise is but a unit of one larger than itself.