

COMPARATIVE ANALYSIS OF “ADMINISTRATION” AND “MANAGEMENT” CONCEPTS IN ECONOMIC AND SOCIAL SYSTEMS

© 2009 O.V. Kalinina*

Keywords: tax administration, national tax administration, theoretical and methodological approach and category.

The paper is concerned with theoretical and methodological approaches to defining the categories of “administration” and “management”, identifying basic similarities and differences between the notions concerned.

Fundamental changes in our country and a transition from the administrative command system to the market relations system had forced Russian scholars and professionals to master enormous knowledge within various science fields. To complete the market reforms, the knowledge in management has become of great significance.

General approaches to the administration were reflected in works by such economists as M.V. Abalkin, A.G. Aganbegyan, A.V. Bachurin, A.M. Birman, L.S. Blyakhman, P.G. Bunitch, Yu. A. Lavrikov, D.S. Lvov, G.Kh. Popov, Z.P. Rumyantseva, etc. The essence of the administration is also discussed in financial literature by such authors as I.A. Blank, E.S. Stoyanova, A.D. Sheremet, etc.

The modern economical literature uses quite a lot of concepts that characterize the process and the contents of the administration as a phenomenon: ‘management’, ‘manager’, ‘administration’, and ‘management activity’. In the context of the taxation field, the notions of ‘tax management’, ‘tax administration’, ‘tax authority’, and ‘tax system management’ can be identified.

The management process itself is a complex and multifaceted activity with its specifics, laws, methods, tools and stages.

According to S.V. Barulin, on one hand, the administration is related to the implementation of main management functions. On the other hand, it is interpreted as a special activity, aimed at managing personnel (administration). One could say that the administration is an integral part of people’s joint activities.

M.V. Romanovski and O.V. Vrublevskaya guess that one should interpret administration as the process of making management decisions to achieve management targets by an agent of management, who influences an object of management.

As for the concept of ‘management’, it generally means an ability to achieve set targets.

This concept is broadly defined as the management process, which helps professionals to shape an organizational management structure and control organizations by means of goal setting and working out methods to achieve them. Oversimplifying, sometimes they interpret management as the manager’s ability to achieve goals set by means of planning, motivating, organizing and carrying out the control over people’s activities. E.A. Utkin defines management as the system of ongoing or long-term planning, production forecasting and organization, as well as sales of products to achieve a prescribed (required) output. As for commercial organizations, the major target for their functioning will be earning a profit.

The Market Economy Explanatory Dictionary defines management as follows: management is an aggregate of principles, methods, tools and forms of production control to improve performance and increase profit. M. Meskon, exploring the market sector administration exclusively, defines management as the control over commercial organizations of all types.

Numerous scholars repeat essential characteristics of management in various definitions, though to understand the concept deeper one need to cite the most comprehensive and outstanding definitions, formulated by classical scholars concerned in management as a science. In this way, F.U. Taylor wrote, ‘To manage means to know exactly that they will have to do it in the best and the cheapest way’, while A. Fayol believed, ‘To manage means to foresee, organize, order, coordinate and carry out control’.

The analysis made shows that generally there are two terms, that describe management process, i.e. the concept of *administration* and the

* Olga V. Kalinina, lecturer of Saint Petersburg State Polytechnical University. E-mail: olgakalinina@bk.ru.

concept of *management*. Thereupon it is important to define conceptual approaches that state a correlation and an identity of these notions and at the same time accentuate distinctions between them.

The first approach: the term 'administration' is broader than the term 'management'.

Starting from the system approach as applied to the entire environment one could say that the world consists of a diversity of systems, which by their origin can be divided into two groups. There are *natural*, i.e. formed by nature or society (e.g. the universe system, the cyclic system of land tenure), and *artificial*, created by request of a human being or a society to realize set programs or targets (e.g. family, design office, student trade union or pre-election association). Artificial systems, in their turn, may be divided into technical, biological and social (economic and social). *Technical systems* include machines, equipment, computers and other items able to function and accompanied by user's guides and used by people. *Biological systems* cover the planet's flora and fauna, including relatively closed biological subsystems, such as an ant hill, a human body, regarding which the human being makes decisions (in case of relevant professional concern). These systems function with bigger diversity than technical ones. *Social (economic and social) systems* are described with the human being as an object of administration. These systems have very diverse functioning models. A set of decisions within a social subsystem is subject to much dynamics and carried out in terms of uncertainty and risk. This can be explained with a high rate of changes to the human consciousness, as well as shades in his or her responds to the same and typical situations.

Based on the systemicity and general management theory, one could say that **the term 'administration' is broader than the term 'management'**, as administration can be applicable to *different types of artificial systems* (the administration in non-animate nature, e.g. sun energy administration, administration in biological systems, e.g. control over the livestock population in rural economy, administration in technical systems, e.g. administration of a car), though 'administration of a car' in the essence of driving breaks the rules of the Russian lan-

guage and does not reflect the conceptual essence of the process.

The term 'administration' also refers to *various fields and levels of management* (business administration, industry administration, science administration, transport administration, administration of foreign economic activity, etc), as well as activities of different governmental and public authorities (public systems).

This approach is supported by many scholars, including I.N. Gerchikova, V.P. Galenko, A.I.Rakhmanov, O.A. Strakhova and V.N. Lapin, who believe that management theory has been explored deeper and with more multifaceted analysis by Russian scientists, as the administration is considered as a combination of quite significant aspects: epistemological aspect (division and specialization of labour), object of administration process's labour (information) and result of administration process's labour (management decision). V.N. Lapin, exploring management as a sort of administration, states that the main thing within characteristics of its essence is that management is one of human activities. At the same time the author believes that using the notions of management and administration as identical, the Russian science follows a fashion of applying the borrowed terminology and substitutes one term for another. According to him, this is incorrect either from theoretical, or organizational point of views. Following classical scholars and being based on methodological fundamentals, one should also apply the term 'administration' to tax field.

The second approach: the term 'administration' can be viewed as a synonym to the concept of 'management'.

The subjects explored by this paper are processes in the society, i.e. within economic and social systems. This automatically excludes technical and biological systems from the subject domain.

As applied to economic and social systems, the term 'administration' is considered as a deliberate and purposeful process of people's activity, whereas management both in animate and non-animate nature is not a deliberate process, but a process subject to decrees of nature and natural technologies (PC works on principles and software, developed by the human being).

The term 'management' in its turn (from English verb *to manage* to control or govern)

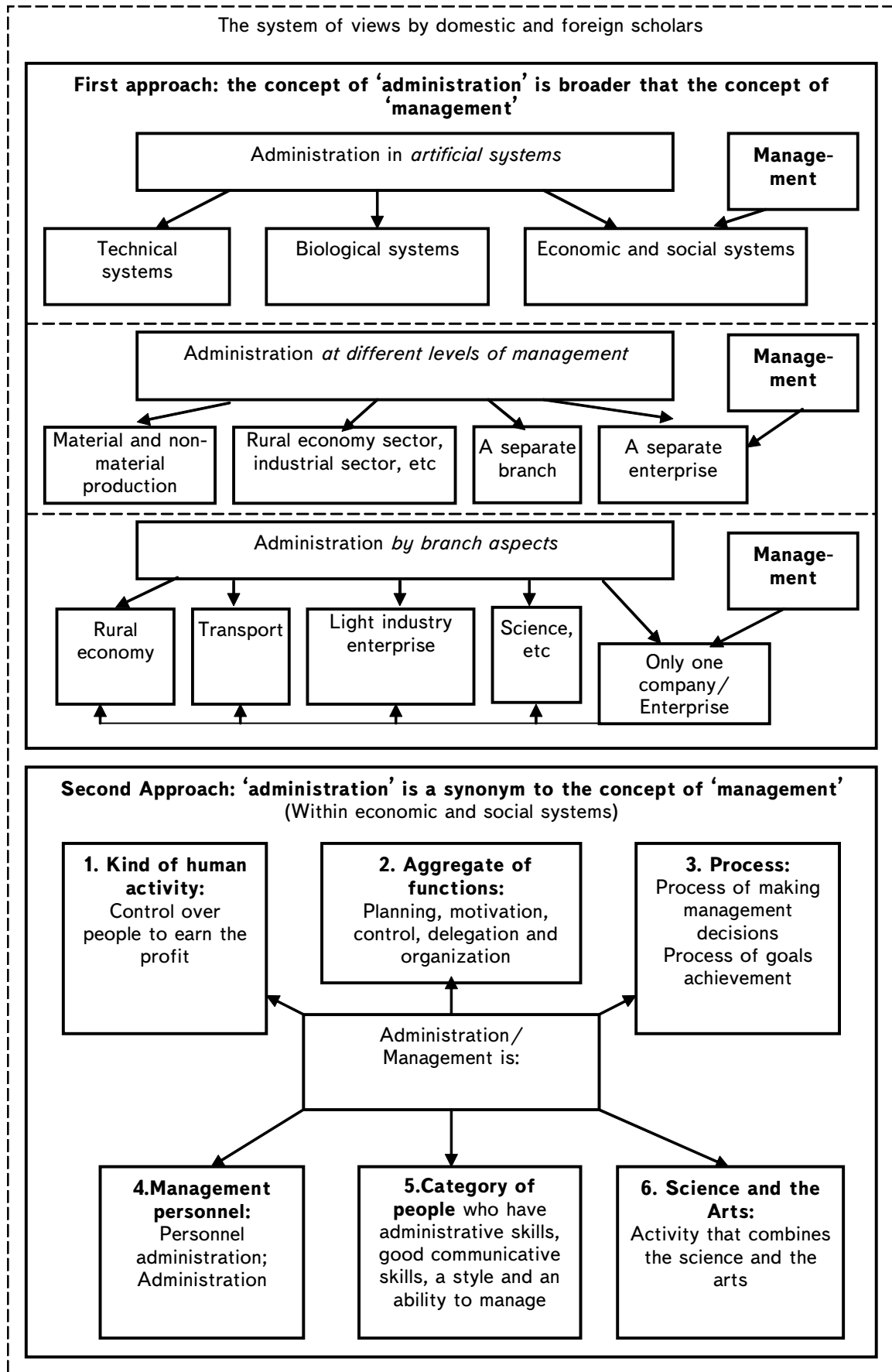


Fig. Conceptual approaches to the notions of administrations and management

was originally used by foreign theory and practice as the control over economic and social processes, and first of all, regarding entrepreneur and economic activities.

At the same time, as A.G. Porshnev comments, following the development of the theory and the practice of administration abroad, the concept of management has being more stably used regarding non-entrepreneur organizations and non-economic fields at various levels.

Taking into account that the term 'management' has being widely and stably used in our country, and in accordance with the second approach, ***the concepts of 'management' and 'administration' can be considered identical*** as applied to social and economic systems.

To conclude the analysis of the given issue, we would like to present a scheme, see figure, which reflects conceptual approaches to the notions of management and administration.

The given scheme helps to visualize a multifaceted nature of these concepts as explored by domestic and foreign scholars.

It is our opinion that when studying economic and social systems (in particular, the tax system), the term 'management' acts as a constituent

of administration (as one of its functions) and mainly describes mutual relations that appear within market structures (enterprises and organizations), thereby it would be more correct to speak of management as applied to a separate business unit, i.e. corporate management, instead of State machinery. Thereby, exploring taxation problems at a national level, one should use the term of 'tax administration' as a broader concept that covers various directions of people's activities within the economic and social system.

Barulin S.V. Tax Management: Training Aid. M., 2008.

Karp M.V. Tax Management: Manual. M., 2001.

Lapin V.N. Taxation System Development in Russian Real Sector of Economy / Edited by Prof. Barulin S.V., Saratov, 2006.

Meskon M.Kh. Management Fundamentals. M.: Williams, 2006.

Taxes and Taxation: Manual / edited by M.V. Romanovsly, O.V. Vrublevskaya, 6th edition. M., 2007.

Tax Management / edited by A.G. Porshnev. M., 2003.

Market Economy Explanatory Dictionary / edited by Prof. Krutikov F.A., M., 1993.

Utkin E.A. Management: Training Aid. M., 2003.

Received for publication on 22.08.2009