

The Managerial Rationality

From Domestic Administration to Governance

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Can we rule the world, the environment, a country, or an individual the way we manage a business corporation? Whatever the answer, the question is meaningful and this simple fact justifies further questioning. Mankind in all the diversity of its actions and states seems to call for conscious and planned action. *Efficiency, organisation, control, knowledge*: from the European Union rules to the conduct of a diet, from the preservation of natural resources to the regulation of Internet, from the coordination of migrations to the administration of universities, the imagination of management seems to structure today's conceptions of power. The proliferating concept of *governance* attests to this dissemination of the managerial rationality.

From Solon to Berlusconi, governing could mean to command an army, to administer an asset, to follow a path, to support one's family, to manipulate the economy, and to guard a territory. These “governmentalities”, if we define this ambivalent Foucauldian notion as the understanding of the nature and exercise of a certain power, long remain little differentiated. Until the 17th century, the concepts and techniques of government circulate between what we now call the public and the private spheres. The domestic governmentality, which aims at

providing the means of survival to the members of a small community ruled by the *Jus sanguinis* and under the authority of a patriarch, is then the most widespread mode of government all around the globe.

In the 17th and 18th centuries, three major understandings of government are being structured which are different from the domestic one but long retain close relationships with the familial institution:

Firstly, what we might call the *regalian rationality* is articulated around the nation-state and around the principles of justice, legality, sovereignty, security, centralisation, unity and balance. According to this governmentality, a central authority assumes the defence and the security of a population made of rightful citizens comprised within a bounded territory, by means of an army, a police, tribunals and different administrative services which expenditures are financed by taxes. Philosophers, professors and statesmen codify this regalian logic.

The second one, the *capitalist rationality*, is grounded on the notions of capital, profit, property, credit, competition, investment, contract, cost and benefit. The market is its focal institution. In the 18th and 19th century, economists, merchants and statesmen give this rationality a shape under which it is still taught and discussed nowadays. According to this capitalist governmentality, governing consists in facilitating the voluntary exchange of resources between rational and competing individuals by the means of prices and of juridically enforced contracts. No capitalist rationality has been imagined so far in which the State does not hold an important part.

The *managerial rationality*, third and principal kind of governmentality questioned here, takes two principal shapes: until the end of the 19th century, it designates the art of taking care of things and dependent human beings in an ordered, planned and calculated way. This first managerial governmentality is theorized mainly by educationalists. By the end of the 19th century, American industrial engineers and managers redefine the notion of management as they apply it to the wage earners they are in charge of. According to this second managerial rationality, governing means using resources in a rationally arranged and controlled way in order to attain efficiently a given purpose.

If the regalian and capitalist rationalities have long been the privileged objects of dozens of theories of power, so far the managerial rationality has never been considered as a governmentality *per se*. Such is the core of this dissertation: *management is an art of*

governing. Its object: to sketch, all along a compared history, a general theory of this managerial way of governing.

The general schemes of thought used in the 20th century to apprehend power, whether they are inspired by Marx, Weber, the Frankfurt School or Foucault, focus on certain types of domination, which are mainly state-owned, military, disciplinary, legal, physical, capitalist, and technical. But on the whole they leave aside the logic of power proper to management. Nowadays, while this managerial governmentality is applied to the bulk of human activities, management is still thought mainly as a loose and neutral set of technical arrangements, best practices and universal recipes which adoption is a matter of common sense and a guarantee of efficiency. Histories and theories of management, far from questioning the origins, the evolutions, and the mechanisms of this governmentality, unroll a discourse largely hagiographic and instrumental. For instance, rather than explaining how and why the value of *efficiency* came to gain precedence over yesterday's socially praised principles of brute force, justice, honesty, loyalty, equality, seniority, and freedom, a majority of management theoreticians and historians contributes to extend, naturalise, and justify its symbolic preeminence.

A governmental rationality is not a universal, it is a conscious imagination and an acquired aptitude. It is neither a culture nor a mentality; it is a structured set of concepts, of cognitive schemes and of principles forming a peculiar understanding of power. As such, a governmentality is not the solid foundation on which to base a theory of power, it precisely what any theory of power must confront in the first place. To study language as close as possible to texts is perhaps the best way of avoiding to understand a governmentality without projecting on its past the judgements and beliefs of the present.

Closely studying language seems to be the best way of understanding a governmentality. As such, in order to study these two managerial governmentalities, it seems interesting to study lexically a body of texts written in English between the 17th century and nowadays; for the managerial rationality is of Anglo-Saxon origin. Thus it not a lexical study of the word *management*, but rather a history of the *managerial imagination*. Such a history confronts, in five different ways, the usual ways of theorizing management and of making its history. More generally, it contributes to challenge the common understandings of power and of institutions.

1. *We should clearly distinguish the history of management not only from business history*

but also from the history of labor, the history of industry, the history of technique, and the history of capitalism.

The domestic and familial origin of management is a blind spot of management history and of the history of management thought, with very rare exceptions. One of the main issue here is why most of management historians accept without a second thought a dominating frame of mind assimilating management with business management, endorse the principle of efficiency as the yardstick of organizational structure successes or failures, and claim the universality of managerial rationality.

I prove on the contrary that, between the 17th and the 19th centuries, in English-speaking countries, the word management is principally applied to the care of children, to the administration of schools, to medical treatments and to the running of a farm. This first way of thinking management articulates the dimensions of care, conduct, order, arrangement, effort, and calculus. When the term is applied to individuals, it is only to those in a state of great dependency, such as infants, children, sick persons, poor people, and slaves. Management does not pretend yet to be a universal mode of government. This imagination of power is directly linked to the family and the home and has only indirectly to do with technical and scientific innovation, institutional size, and profit. I have summarized these findings in a paper which can be read on line here: http://www.letexier.org/article.php3?id_article=106.

2. Contrary to what assume most of marxist, chandlerian, weberian and foucaldian histories of management, the second managerial rationality which is formulated at the turn of the 20th century cannot be limited to the imaginations proper to engineering, political economics, military arts and disciplinary practices.

More precisely, the theoreticians of this second managerial rationality are inspired by these models but they soon criticize them much more than they copy them.

The notion of management appears in the corporate sphere only in the middle of the 19th century, where it is first imported by mechanics and later theorized by engineers. It is at first only applied to machines. At the beginning the 20th century, in the wake of systematic management and while the business firm slowly emancipates from the family realm, the term management is applied to human beings, carrying the symbolical universe of the machine and its cardinal principle of *efficiency*. Here stands scientific management. Far from depicting the administration of things replacing the government of men, its history shows the

understanding of the administration of things being applied the government of men. But that is not the whole of this new understanding of the managerial rationality. The dimension of *care* disappears to the benefit of the principle of *control*. Management is a non disciplinary governmentality: it consists less in watching over and punishing than in standardizing, arranging, handling and training. It thus seem fair to sharply criticize the application to management of Foucault's theories of power. The principle of *organization* also becomes central, according to which power can be capitalized and embodied in plans, systems, arrangements, symbols, signs and persons. Lastly, the mechanisms for the taping, creating, transforming and embodying of *knowledge* constitute a pivotal dimension of this new way of thinking management. The main lines structuring the understanding of the notion of management in the 20th century are thus *efficiency, control, organization, and knowledge*.

3. *From Frederick Taylor to Gary Hamel, this second managerial rationality keeps a very stable meaning.*

Throughout the 20th century, different schools of management thought pretend to compete and contradict each other, but it is easily provable that they stand on the basis cast by American engineers at the end of the 19th century and at the beginning of the 20th. Neither the human relations movement nor the structural analysis trend undo this symbolic ground. On the contrary, the history of management is very often told as a series of breaks.

4. *Management is a rationality rather than a culture, a mentality or an ideology.*

In particular, we must confront the view hold by authors such as Reinhard Bendix, Judith Merkle, JoAnne Yates, and Yehouda Shenhav that management is an ideology or a set of ideologies. Management is a rationality, that is, a complex and coherent symbolic architecture elaborated in reference to palpable issues rather than according to an abstract scheme of reform of social order. I have developed this idea in the following paper, available online here: http://www.letexier.org/article.php3?id_article=96.

What must be highlighted here is that histories and theories of management are part of the managerial arrangement. Discourses on management are not a layer above a set of practices but are practices themselves. Authors of management books usually claim for their products this status of symbolical *praxis*. And their schemes of management logically give a central place to language in a formal and recordable shape.

5. *The study of managerial rationalities make way for a new understanding of power and another way of articulating institutions and governmentalities.*

In industrial countries, the second managerial rationality largely goes beyond the corporate framework to inform, among other institutions, the nation-state, where used to prevail the regalian governmentality. At the end of the 20th century we thus observe the managerial rationality, notably under the label of “governance”, investing and framing from the inside the symbolic structure proper to Western states.

From this we can infer that something like *the* power does not exist. What exist and act are powers, forms of domination, of influence and of handling changing according to the institutions through which they are channeled and to the governmental rationalities which guide them. Institutions are not blocks of practices and discourses, but are bundles made of other bundles of varying practices and discourses which do not necessarily correspond the one to the other. Within Western countries, the different formal organizations composing the social body are inhabited by multiple and moving governmentalities which are themselves in continuing evolution and correlation. These governmentalities are neither equivalent, nor interchangeable, nor by nature in conflict.