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Management accounting as disciplinary practice: the case of ITT under Harold Geneen

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The work of Michel Foucault has been influential in social science research generally and recent scholarship on management accounting history more specifically. This paper evaluates a key section of his seminal text, *Discipline and Punishment*, by applying it to recent corporate events. The principles of disciplinary control based on the analogy of the 'panoptical gaze' are elaborated and used to analyse the management of ITT, especially during the tenure of Harold Geneen as its Chief Executive Officer. The paper argues that Geneen's methods, hailed as exemplary managerial practice, bear correspondence to Foucault's model. By applying management accounting principles, Geneen constituted managers as subjects and amenable, docile, obedient bodies, and established ITT as a large international conglomerate. However, Foucault's approach did not fully capture all of the important factors germane to this period and its aftermath. The paper concludes that political economy approaches to these events are not necessarily incommensurate or discordant with a Foucauldian approach and that both may be used in a complementary fashion to critique and reform managerial practices.

Key words: ITT; Geneen; management control; Foucault.

1. Introduction

> 'We are much less Greeks than we believe. We are neither in the amphitheatre, nor on the stage, but in the panoptic machine . . . Is it surprising (then) that prisons resemble factories, schools, barracks, hospitals, which all resemble prisons?' (Foucault, 1979, p. 217, 228).

Harold Geneen's (1984*b*) memoirs regarding his tenure as Chief Executive Officer (CEO) of the International Telephone and Telegraph (ITT) can be read as a striking and illuminating example of the way large, complex, multinational firms make use of management accounting and control systems as a major apparatus for the surveillance, discipline and control of their managers and employees. These systems, this paper argues, proceed according to the general disciplinary drive that appeared during the Modern epoch of Western civilization as outlined by Michel Foucault (1975, 1979) in his historical account of the sundry disciplinary techniques that came into being during Modernity particularly within, but by no means limited to, penal institutions.

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Foucault's identification of specific devices, techniques and apparatuses that objectify individuals, including managers, as subjects and produce them as docile, obedient bodies are seen to be exemplified in the conventional management accounting and control literature as well as in practice. Even more disturbing, if ITT is typical, they are ubiquitous in today's large public and private sector organizations.

This paper has three main intentions. It extracts a model of the main principles of discipline and control from *'Discipline and Punish: The Birth of the Prison'*, Foucault's most celebrated piece of writing.[1] It then illustrates, using ITT as a case history, the relevance of this model for providing a broader understanding than that of the traditional view of management accounting and control systems. The paper also puts forth the argument that a Foucauldian approach to understanding management accounting is neither incommensurate nor discordant with the labour-process view and, moreover, the two can be used in a complementary way to provide a critical edge to studies in and of management accounting and control.

The paper proceeds as follows. In order to put on display the relevance of Foucault's work to today's organizations, it describes in some detail bibliographical background data on Harold Geneen—the 'super-accountant' who acted as CEO at ITT for nearly 20 years. Next, it presents a literature review of previous Foucauldian-based management accounting studies including several trenchant critiques of this work. Then, it sketches out the principles of Foucault's model of discipline and control and illustrates them with specific examples from Geneen's and others' accounts of the financial-based control systems at ITT. Finally, the paper discusses the insights and implications that emerge from the analysis.

2. Harold Geneen: a disciplined disciplinarian

Harold Geneen seems almost an archetype of Foucault's disciplined subject. His father, always optimistic in spite of a series of ups and downs as a small-time entrepreneur, married Geneen's mother, a light opera singer, when she was seventeen. They divorced when Geneen was five and sent him to a convent boarding school:

> '. . . where the discipline was strict and the nuns loving. I can still picture in my mind Sister Joseph, who more than once whacked my outstretched hand in punishment, not for any infraction of discipline, but because I had misspelled a word. It instilled in me, I think, a serious appreciation of my responsibilities as a student; certainly I learned to do my homework' (Geneen, 1984*b*, p. 56).

Each summer, Geneen went to a boy's camp where he encountered the discipline of the camp counsellors. By the age of six, however, he was content during holidays such as

[1] While some might object to the idea of consolidating these ideas into a specific model or set of ideas, it is clear enough that in *Discipline and Punish: The Birth of the Prison'*, Foucault (1979) comes across in a very systematic, structuralist fashion. In fact, in the book he uses phrases (italics added) such as: 'a new political *anatomy*' (p. 138); 'the *rule* of functional sites' (p. 143); 'the *principle* of enclosure' (p. 143); 'the *universal* jurisdicism of modern society' (p. 223); 'the carceral *system*' (p. 293); 'superimposition of different *models*' (p. 294); 'the carceral *archipelago*' (p. 298); 'mechanisms of *normalization*' (p. 301); 'the *universality* of the carceral' (p. 303); 'the carceral *texture*' (p. 304); and 'the *modality* of disciplinary power' (p. 221). These descriptors (anatomy, system, universal, models, archipelago, universality, texture and modality) signal that Foucault was not averse to systematic thinking regarding the disciplined, disciplinary texture of society and its major social institutions. In speculating on 'the date of completion of the carceral systems' Foucault fixes on January 22, 1840, when the penitentiary at Mettray, France, officially opened. 'Why Mettray? Because it is the disciplinary form at its most extreme, the model in which are concentrated all the coercive technologies of behavior' (p. 293). Clearly, Foucault had no qualms about models or systems of thought.

Thanksgiving and Christmas to sit by himself reading books. He recalls one day when Mother Superior seemed concerned about his lonely holidays:

> 'She smiled at me sympathetically, perhaps I noticed pity in her expression. What remains with me is the feeling that she was wrong, that I never felt uncomfortable about being alone. I thought that I could always find something to do, even at that tender age. Perhaps the isolation back then taught me to be independent, to be able to think through my small daily problems, and to achieve a sense of self-confidence' (Geneen, 1984*b*, p. 56).

Although no more than a small child, Geneen was well on his way to becoming a model of the disciplined-disciplinary individual.

During his adolescence, Geneen was enroled at Suffield Academy, a military style college preparatory school based on the West Point model.[2] The academy had a balanced mixture of boarding and day students as well as a good proportion of scholarship students who set high standards for the others. During his stay there, Geneen waited on tables and worked in a local bakery. Although the general atmosphere was democratic and egalitarian: '. . . within that academic freedom there was a discipline and a value system and a reverence for life that I absorbed, which would stand me in good stead all the days of my life' (Geneen, 1984*b*, p. 57).

Geneen continued in summer camps until the age of 15 when he took a job as an errand boy for a lithograph company on New York's west side. His duties entailed carrying heavy packages all over the city, often travelling by subway and frequently working until 9:00 at night:

> 'The sharpest memory of that summer was a crisis and furor over a lost piece of copy that I had delivered to the printing room. A major client was furious. I was called into the manager's office to explain what I had done with the papers involved. I explained and he agreed that I had left the documents in the proper place. He thanked me and sent me back to work. For many years, that man's polite and fair treatment of me remained in my mind as a lesson (Geneen, 1984*b*, p. 57).

Discipline, Geneen learned, gets recognized and rewarded. When he graduated from Suffield he got yet another lesson in discipline. His diploma was unsigned. However, the headmaster assured him that the moment his outstanding boarding and tuition bills were paid the diploma would happily be completed—'It was a number of years before I was able to retire the debt' (Geneen, 1984*b*, p. 58).

Instead of university, Geneen had to go to work. He took a job as a floor page at the New York Stock Exchange, but also attended evening classes, where he studied accounting. Six years later, he witnessed the great crash of October 1929 and watched in wonder as great fortunes disappeared in a few hours. He was more impressed by the way fortunes were being made by cunning short-sellers. After the crash, things took a turn for the worse. His salary was cut, he lost his two hundred dollars of life savings in a bank failure, and he had to live on day-old bread and taffy candy. A series of jobs followed—a book salesman, newspaper advertisement salesman, bookkeeper for a small investment firm, and para-professional for a large public accounting firm where:

> 'My job was temporary and seasonal and I was promptly assigned to help in the audit of Floyd Odlum's Atlas Corporation of Journal Square in Jersey City, which had become notorious and highly profitable in buying up bankrupt and near-defunct mutual funds and companies. Atlas Corporation owned a grab bag of securities representing hotels, barge lines, frozen foods, utilities, as well as a wide variety of other assets. The job was

[2] See Hoskin and Macve (1986, 1988) for a detailed history of the disciplinary practices at West Point in the nineteenth century.

> conspicuous, most of all, for its overtime. We worked on that audit until ten o'clock at night, five and sometimes six days a week, and in the final three weeks until three or four o'clock in the morning. Considering that I had to take the tube back to New York, sleep at home, and return to work at 9 a.m., I think I slept about two hours a night those last three weeks. When the audit certificate was signed. I requested an audience with Mr Lenhart. "What's on your mind?" he asked. "Well, I haven't had but nine hours sleep all week and I can't help worrying about this job," I said, "I just want to know whether I am permanently on the staff or not, so I can go home and get a good night's sleep." I got the job and a good night's sleep.' (Geneen, 1984*b*, p. 64).

As before, discipline saw him through and got its just rewards.

Geneen revelled in the work of a public accountant. He got to see inside many companies. He liked his colleagues and co-workers. But best of all, he liked the training: 'Public accounting taught me analytical approaches to business problems, objective reasoning, and the highest order of discipline in making factual presentations' (Geneen, 1984*b*, p. 65). He stayed 6 years and successfully took the CPA examinations.

Yet professional life, as with stock brokering, somehow seemed empty. He missed the active side of being on the firing line of commercial and industrial life. As a consequence, he took a series of jobs in industry serving with American Can, Bell and Howell, Jones and Laughlin Steel, and Raytheon Electronics. While these were mostly in finance and controller positions, he was involved also in getting new plants and ventures up and running, and in, in some cases, divesting existing ones. Geneen, an extraordinarily disciplined individual, accepted the CEO job at ITT and transformed it into a disciplinary organization. He did this, as we shall see, by following almost to the letter, Foucault's principles of discipline and control. Before turning to these principles, we next present some useful background on Foucault's position regarding the capital accumulation process and then provide a review of accounting studies based on his works.

3. Background

In the past decade, Michel Foucault's social philosophical historical analyses have been the source of inspiration for scholars around the globe in a host of disciplines. His ideas have penetrated deeply into the conceptual apparatuses of a wide range of subjects such as literary theory, law, geography, architecture, feminism, gay rights, film studies, psychology, education, penology, education, information and communications systems, and art history, to mention only a few. For these scholars, Foucault's post-structuralist methods provide a valuable mill to grind out radical critiques of their subject as well to shine new light on that part of the life world they study. Moreover, their results go beyond previous studies including those based on the grand theories of Modernistic giants such as Freud, Durkheim, Weber, Marx, Saussure, Habermas and Marcuse.

It is important to understand that Foucault always accepted that these grand theories (or metanarratives) have important things to say about the human condition. What he refused, however, was to grant any one of them the status of a totalizing, all-encompassing theory. So instead of carving out yet another *grande récit* Foucault wanted simply to bring attention to another layer of the life world that had gone unnoticed—the appearance, in the last couple of centuries, of a subtle, quiet, gentle, almost secret disciplinary apparatus that penetrated nearly every social institution. Foucault is worth quoting at length on this point.

> 'If the economic take-off of the West began with the techniques that made possible the accumulation of capital, it might perhaps be said that the methods for administering the

> accumulation of men made possible a political take-off in relation to the traditional, ritual, costly, violent forms of power, which soon fell into disuse and were superseded by a subtle, calculated technology of subjection. In fact, the two processes—the accumulation of men and the accumulation of capital—cannot be separated; it would not have been possible to solve the problem of the accumulation of men without the growth of an apparatus of production capable of both sustaining them and using them; conversely, the techniques that made the cumulative multiplicity of men useful accelerated the accumulation of capital. At a less general level, the technological mutations of the apparatus of production, the division of labour and the elaboration of the disciplinary techniques sustained an ensemble of very close relations . . . Each makes the other possible and necessary; each provides a model for the other. The disciplinary pyramid constituted the small cell of power within which the separation, coordination and supervision of tasks was imposed and made efficient; and analytical partitioning of time, gestures and bodily forces constituted an operational schema that could easily be transferred from the groups to be subjected to the mechanisms of production; the massive projection of military methods onto industrial organization was an example of this modelling of the division of labour following the model laid down by the schemata of power.
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> But, on the other hand, the technical analysis of the process of production, its 'mechanical' breaking-down, were projected onto the labour force whose task it was to implement it: the constitution of those disciplinary machines in which the individual forces that they bring together are composed into a whole and therefore increased is the effort of this projection. Let us say that discipline is the unitary technique by which the body is reduced as a 'political' force at the least cost and maximized as a useful force. The growth of a capitalist economy gave rise to the specific modality of disciplinary power, whose general formulas, techniques of submitting forces and bodies, in short, 'political anatomy', could be operated in the most diverse political régimes, apparatuses or institutions' (Foucault, 1979, pp. 220–221).

Foucault, then, did not want to replace theories such as those by Marx (the capital accumulation process) or Saussure (the linguistic subject) or Freud (the three-tiered, libidinal-driven psyche). Instead, he wanted to add to these by describing the proliferation of new secular power/knowledge discourses which appeared during Modernity that involved surveillance, discipline, punishment and normalization. Foucault's project was to describe 'the steep rise in the use of these mechanisms of normalization and the wide-ranging powers which, through the proliferation of new disciplines, they bring with them' (Foucault, 1979, p. 306) and to draw attention to the carceral nature of today's society 'the foundation of the insidious leniencies, unavowable petty cruelties, small acts of cunning, calculated methods, techniques, 'sciences' that permit the fabrication of the disciplinary individual' (Foucault, 1979, p. 308).

Here we see Foucault's main concern, to reveal how these disciplinary practices produce individual subjects as docile and obedient bodies necessary to the capital accumulation process. It is important to recall that Foucault ends his book with the injunction that the ideas therein 'must serve as a historical background to various studies of the power of normalization and the formation of knowledge in modern society' (p. 308)—clearly a clarion call to other scholars for action.

4. Foucault and management accounting studies

It should be no great surprise, then, given the widespread surge of interest in Foucault's ideas and research methods (archeology and genealogy), and his urging to extend his work, that a handful of management accounting scholars have started to

re-constitute the role of management accounting in organizations and re-write the history of its appearance and subsequent development from a Foucauldian perspective. In an early study, Loft (1986), utilized Foucault's genealogical research procedure[3] to investigate the conditions that led to the emergence and spreading of management accounting in the U.K. She concluded that a series of random events and unintended consequences of hitherto unrelated actions between 1914 and 1925 triggered a surge in the demand for qualified, expert cost accountants, the widespread adoption of cost accounting, and the emergence of the Institute of Cost Accountants as a *bone fide* professional organization.

Loft's genealogical re-writing ('re-righting') of how cost accounting arose in the U.K. reveals how accounting emerged not merely as a sophisticated technique for collecting and processing financial data for decision makers. Rather, it was an important institution that both reflected the wider society of which it was a part and played a role in constituting that society. As Loft (1986, p. 167) puts it: 'It is through such genealogical history that accounting can begin to be understood as a fundamental social activity, not merely a technical one.' Her Foucauldian reading indicates that management accounting did not evolve, as told in the conventional story, in an inexorable, inevitable, linear and progressive manner as postulated by scholars such as Johnson and Kaplan (1987)—rather, it appeared in the context of the coming together of a random unpredictable series of events and a tumultuous set of circumstances.[4] Moreover, and this is what Foucault teaches us over and over again, it could have been different.

Hoskin and Macve (1986, 1988) also follow Foucault's genealogical method to re-write a history of management accounting. They trace later developments and techniques in accounting and control to the examinatory practices in the new, elite medieval universities. These featured an 'alphanumeric', 'inquisitional' system of reading, examination and re-writing of texts and students.[5] Centuries later, a similar regime of objective evaluation was brought into West Point in the U.S.A. by Sylvanus Thayer who brought the disciplinary 'grammatocentric' practices with him in 1812 from the French École Polytechniques. Many West Point graduates who went on to manage the burgeoning railroads in the early and mid-part of the century took with them the West Point system of surveillance, examination, discipline and punishment. This new system of administration and organization transformed the running of the railroads. The point which Hoskin and Macve underscore is that discipline and control

[3] Genealogy calls for researchers to focus on the distinctive characteristics and manifestations of events and their coming about, not as a product of destiny, historical determination, or the actions of an intentional individual, but as the effect of the haphazard coming together of events, the chance occurrence of conflicts, as well as errors and the unintended consequences of relations of power. Genealogical research, then, does not focus on the spectacular event, the great person, or the great deeds which caused a turning point. Rather, it looks to the neglected, forgotten, ordinary, trivialized, random and unintended outcomes and mutations that coalesce to bring about a new formation of the social order at any point of time.

[4] These events include: World War I and its resulting high increase in government spending, voracious profiteering by firms, the city, and individuals, a cumbersome bureaucracy staffed by witless clerks and lack of systematic or costing systems of any kind by most firms. In consequence, the government ruled that prices paid would be on the basis of full cost plus normal profit. The critical need for trained, qualified cost accountants came to be recognized and was further fuelled by Britain's postwar Reconstruction of Britain's plan for an efficient nation, efficient firms and efficient workers—all of which required professional cost accountants.

[5] According to Hoskin and Macve (1986, p. 111), 'the critical reading and rewriting of texts was carried on primarily by teachers in the schools of Paris and Bologna and during the twelfth century it eventuated in a critical inquisition of their students in the first formal examinations in Western history'.

in U.S. organizations came, not from market forces as some historians claim, but from West Point via the grammatological surveillance utilized in educational institutions in Europe. These practices then spread to other industrial firms.

Hoskin and Macve make two telling points in their re-writing of this history. First, they show that management accounting was an important part of the newly adopted managerial, power-knowledge, disciplinary practices that became an integral aspect of systems of human accountability and control in the U.S.A. This history contradicts the conventional story that management accounting was an offshoot of external financial accounting reporting systems. Second, their genealogical historical analysis casts serious doubts on the conventional rational-economics story (as told by historians such as Chandler, 1962, 1977, and Johnson and Kaplan, 1987), which has been accepted pretty much holus-bolus by many American accounting scholars.[6] Chandler argued that accounting arose as an important decision-making management tool as a result of pressures from market forces for profits and from the need for detailed and sophisticated financial information to run the large, diversified and complex organizations that appeared in the late 1800s and the early 1900s. Against this, Hoskin and Macve show that management accounting's earlier appearance in the railroads had little or nothing to do with market forces, diversification, or complexity. Rather, it was instituted to instill discipline into what was otherwise an indifferent and obdurate work force. This new way of examining and articulating employees' performance, 'proved to be one of the most *powerful* tools for helping to create new forms of organization that have been able to coordinate business and worker behavior and carry out economic activity on a scale previously unknown' (Hoskin and Macve, 1988, p. 68).

Miller and O'Leary (1987) also offer a genealogical history of management accounting in the U.S.A. They show how the emergence of standard costing and budgeting in the early part of the 20th century was related to wider practices of control and power operations in organizations and society, particularly scientific management and industrial psychology.[7] Miller and O'Leary hoped their 'new' history might bring into the open the contradictory tensions between accounting and its social environment and that such elucidation would prove valuable for understanding the issues and problems that plague accounting today.

In re-writing this history, Miller and O'Leary employ Foucault's archeological method.[8] They identify the early part of this century as a unique era during which emerged a new set of disciplinary, power/knowledge discourses and discursive practices including management accounting. Their major thesis is that in the first 30 years of this century the appearance of standard costing and budgeting proved to be 'a novel event within accounting. At a purely technical level the innovation brought about was nothing less than an entire recasting of the definition of cost accounting' (Miller and O'Leary 1987, p. 240).

[6] See also Ezzamel *et al.* (1990) for a critique of Johnson and Kaplan's Chandlerian version of management accounting.

[7] Genealogy for Miller and O'Leary (1987, pp. 237–238) is 'deceptively simple. It concerns centrally a questioning of our contemporarily received notions by a demonstration of their historical emergence . . . in order to fragment and disturb . . . what we might like to see as the basis of our current ideas and practices'.

[8] Archeological research involves describing an identifiable period of history (or life) marked by special events and the unique taken-for-granted discourses and discursive practices in use at the time. The particular period selected is seen to be a rupture of and discontinuous with preceding and subsequent periods. Thus, the archeologist negates the notion of history as a continuous, linear, process of the evolutionary development of a unitary whole.

Moreover, they argue that an unprecedented reversal in management accounting discourse took place during this period. Accounting was no longer concerned primarily with the *past*–actual past costs—but instead with the *future*—budgeted target levels and estimated (standard) costs for the ensuing accounting period. This new disciplinary gaze of management accounting routinely focused on 'variances of actual from standard or plan at the level of profit of the total firm, or at the level of material or labor use in production or, indeed, at the level of every accountable person within the firm' (Miller and O'Leary, 1987, p. 240). This rupture *in* and transformation *of* accounting discourse enmeshed each individual in the firm in a ubiquitous web of calculative practices which rendered him or her—especially his or her inefficiencies—visible. The accounting gaze rendered all conspicuous and accountable.

Miller and O'Leary go on to link this development to a range of discourses and discursive practices which became endemic throughout the major social institutions of Britain and the U.S. The efficiency of the nation (as well as that of the individual and the firm) was at stake. At the same time, the individual also became visible in terms of health, intelligence, education, drinking and sexual habits.[9] In the U.S.A., President Wilson established a government Bureau of Efficiency and firms rushed to put management science and Taylorism into practice along with the nostrums of industrial psychologists for producing healthy, happy and productive employees. These practices were backed up by the legitimating discourse of liberal pragmatists (such as Dewey and James in the U.S.A. and Hobhouse in the U.K.). Engineers, accountants, psychologists and medical doctors formed an informal alliance to make the employee knowable, normal, disciplined and efficient. The discourse of national efficiency ran strong and deep and industrial organizations became the primary site for the construction of the efficient and governable person.

In another study relying on Foucault's methods, Hopwood (1987) traced the way costing systems were used in three different organizations. The first case describes how Josiah Wedgwood, during the eighteenth century, literally invented his own accounting system for costing his various lines of fine pottery. Wedgwood's motivation was a large discrepancy between his head clerk's general financial reports and what Wedgwood reckoned they should be. His data exposed embezzlement, extravagence, chicanery, debauchery and dissipation by the head clerk. Wedgwood continued to use his costing system for product policy decisions during both recessions and booms and also found it valuable for observing and disciplining his work force.

Hopwood's second case documents the history of the use of management accounting by an industrial component manufacturing firm that marketed its products around the globe. In the 1950s, the firm prospered and expanded, but after 1960 it encountered intense competition from Japanese firms that cut prices drastically, particularly at the low end of the market. This situation precipitated a wholesale re-appraisal of the firm's product lines, its strategy, its internal efficiency, and its productivity. In consequence, while previously accounting had been 'independent' of the organization, accounting now 'provided an operational influential language of economic motive, its calculations had infused and influenced important policy decisions, and the visibilities it treated played an important role in making real particular segmentations of the organizational arena' (Hopwood, 1987, p. 222). Accounting, previously used in a reactive, decision-

[9] Some experts, including both liberals and conservatives, even gave serious consideration to the idea of practising eugenics in order to improve the inherited qualities of future generations of citizens and so ensure an efficient nation.

relevance role, suddenly became vital for the proactive re-making of the entire organization.

The third case study describes the situation where accounting had been embedded for sometime as a vital part of the manufacturing, marketing, distribution and administrative functions of the firm and regularly made detailed aspects of the economics of these operations visible. 'Standards, budgets and plans play a central role in the co-ordination and integration of a very large, functionally specialized and geographically dispersed organization' (Hopwood, 1987, p. 223). In this company, no segment, no matter how small or local, existed autonomously and exempt from accounting's panoptic gaze and regular rhythms. 'The accounting eye is indeed a significant and omnipresent one' (Hopwood, 1987, p. 273). Importantly, this regime of accounting calculation and administration had in no small part arisen in the face of a hostile unionized work force.

The effectiveness of this inward looking gaze, however, became problematic when the firm's environment changed dramatically. The batteries of standards, budgets and plans were seen as creating a relatively inward looking enterprise. The phrase 'paralysis by analysis' started to enter the organizational vocabulary (Hopwood, 1987, p. 224). Thus, management's concern for the normal, the present, and the abstract blinded them to the irregular, the future and the particular. The firm's accounting systems now 'satisfied needs they had played in a role in creating . . . (they) were infused into the organization itself . . . (and) a managerial regime based on facts and analysis had arisen' (Hopwood, 1987, p. 225).

To recapitulate, at Wedgwood a new accounting mode made its appearance in the face of an internal crisis but emerged as a valuable tool for coping with a volatile external environment. In the second case, accounting shifted from a reactive, decision-relevance role to take on a proactive role in re-shaping the entire organization. In the last case, accounting created and then became an integral part of an inward looking management orientation that proved to be a major impediment when the company's environment changed significantly and an outward, proactive, and change-oriented, management was called for. At the end of the day, however, Hopwood's case studies seem to be more concerned with the part played by accounting discourse in organizational change than with the way management accounting acts as a major means for surveillance, disciplining, punishing and normalizing employees.

More recently, Preston (1992) also aspired to the genealogical method as a way to tell his case study of the introduction of different costing systems in two U.S. hospitals over the past century.[10] He concludes that accounting discourses were used to justify new levels of expenditure for facilities and treatments and that the 'emphasis of cost control under the prospective payment system is seemingly imposing a new economic order upon the medical' (Preston, 1992, p. 96).

5. Critiques of Foucauldian accounting studies

The above studies have made a major contribution to the eclectic and pluralist corpus of knowledge about the actual practice of management accounting. They have

[10] Curiously, Preston (1992, p. 65) seems to mix genealogy with archeology 'The construction of a genealogy rests upon an archeological investigation of the emergence, functioning and conceptual features of various discourses which may be implicated in the shaping of, and in turn shaped by accounting thought and practice'.

shown that the role of management accounting and control systems goes a long way beyond the traditional scorekeeping, attention directing and problem solving functions. They reveal how these systems are part of the organization's (and society's) regular, routine procedures which embed managers and employees in a disciplinary, punishable web of discourses and practices which go on almost unnoticed and appear as natural. So these studies have opened up a new trail and introduced novel but powerful methods—genealogy and archeology—into the accounting research domain.

This line of research, however, has by no means reached its full potential and, when looked at carefully, several major problems and limitations appear. In a thorough and important critique, Moore (1991) (a non-accountant, critical-literary theory researcher) compared critical theory accounting studies with critical legal studies. Moore found the former precarious and incomplete on several counts—they are politically polite and tend to ignore the existing accounting establishment, they ignore the effects of conventional accounting theory on real life, they remain fragmentary in their attacks and, most importantly, they do not challenge the *status quo* institutions which support conventional accounting theories. Critical accounting studies to date, Moore concluded, have no political program, no specific proposals and no visionary perspective.

Regarding the Foucault-based accounting studies in particular, Moore found them to be sanguine and non-plussed. He points out how Miller and O'Leary, for example curiously embrace, almost enthusiastically, in an unqualified fashion, the disciplinary discourses (including accounting) that they examined, 'Somehow Miller and O'Leary miss the tyranny pursued into the tiniest details and can only conclude their paper by valorizing the current state of power in accounting' (Moore, 1991, p. 773). Moore sees this attitude echoed in the discussant's remarks of Miller and O'Leary's paper,' power and the repression of the individual is not negative or prohibitionary, but a positive organizing force' (Boland, 1987, p. 270). Such a position, Moore points out, is definitely 'un-Foucauldian' in tone and certainly lacks critical bite. Preston's paper seems open to the same criticisms.[11]

Moreover, Moore does not accept the stand-offish, objective academic 'cover-story' used by these researchers whose 'timid claim' is that they have got the ball rolling and now it is up to other researchers to find a critical edge. As Moore (1991, p. 773) puts it: 'One cannot claim that such 'neutral observer' Foucauldian analyses are necessary precursors to later Foucauldian critiques, at least not without reasserting an objective, pre-critical ground on which one can stand.' Foucault focused on prisons, madhouses and sexuality, not out of curiosity and randomness, but because he was 'motivated by a sense of metaphor, metaphor for a society he sees as fundamentally imprisoned' (Moore, 1991, p. 773). Moore also points out that these so-called 'critical theory' accounting studies are much more politically conservative than those carried out in other disciplines (such as Law and Women's Studies) and within critical theory itself. He sums up his critique this way:

> 'To reverse an old and famous Shakespearean quotation, Critical Accounting has come to praise accounting, not to bury it. The time, research and intense scrutiny to which Critical Accountants subject their discipline can hardly be a sign of any disdain for it;

[11] Shortly thereafter, Preston (with his co-authors) abandon Foucault to adopt a Latourian analysis of how accounting as a 'technology' came to be fabricated and established as a taken for granted practice. They explain the shift this way: 'Fabrication recognizes that the development of budgeting systems is a fragile and uncertain activity and that resistance not only impedes and constrains the process, but also shapes it in specific ways to overcome the scepticism' (Preston *et al.*, 1992, p. 589).

on the contrary, such attention can only be interpreted as a sign of the highest respect' (Moore, 1991, p. 774).

This excessively conservative tone is also picked up by Neimark (1990) in her trenchant critique of the extant Foucauldian-inspired accounting studies. Neimark argues persuasively that these researchers have merely replaced the positive, scientific, rational economics underpinning of accounting studies with one based on Foucault's archeological and genealogical method. Thus, critical accounting 'is in danger of replacing one orthodoxy with another' (Neimark, 1990, p. 103). Moreover, Neimark contends (citing eminent social theorists like Rorty, Eagleton, Said and Baynes) that Foucault was a 'neo-conservative' and so accounting studies following Foucault suffer by implication from 'the combination of a disempowering rhetoric, the absence of an emancipatory possibility, and the lack of interest in the material world—revealing that his project is, ultimately, neo-conservative' (Neimark, 1990, pp. 107–108). Neimark puts out a clarion call for studies based on modernistic (neo-liberal?) social philosophers like Marx and Habermas, rather than postmodernist scholars such as Derrida, Foucault, Lyotard, Deleuze, Baudrillard, and Ricoeur.

Armstrong (1991), writing from a labour process perspective, acknowledges the contribution of Foucauldian research to discovering the origins of accounting and demystifying its claims to objectivity and neutrality. However, he argues that the characteristics of the panoptical gaze is inadequate for capturing the variety of controls within organizations and how they have changed since the Enlightenment. Their inadequacy in explaining transformation in systems is compounded by the neglect of materialistic factors, associated interest and power, and process of resistance and conflict. He appreciates that their incorporation is possible but it would entail a re-thinking of economic realism and causality within the Foucauldian framework.

In the face of such critiques, we have arrived at a somewhat different place, one which we believe holds the possibility to subsume modernistic and postmodernistic positions. On the one hand, we agree with Moore and Neimark that the Foucault accounting studies to date have been excessively conservative and that they seem to condone the disciplinary role of management accounting in organizations. On the other hand, we disagree with the contention that Foucault's project is ultimately neo-conservative and that it does not offer the possibility of any critical leverage for accounting research. Instead, we contend that Foucault's critical stance against the emerging disciplinary practices is quite clear.

In the first instance, he regarded panoptic disciplinary practices as an important modality of power that played a key role in the process whereby the bourgeoisie became the dominant political class in the eighteenth century. Furthermore, he clearly identified the formal, explicit, contract written into the egalitarian juridical framework of parliament as a 'cover story' to hide the 'development and generalization of disciplinary mechanisms (which) constituted the other, dark side of these processes' (Foucault, 1979, p. 222). Foucault regarded this dark side as outside of and counter to the formal law—an 'outlaw' set of practices and processes which served to:

> '. . . introduce insuperable asymmetrics and excluding reciprocities. First, because discipline creates between individuals a 'private' link, which is a relation of constraints entirely different from contractual obligation; the acceptance of a discipline may be underwritten by contract; the way in which it is imposed, the mechanisms it brings into play, the non-reversible subordination of one group of people by another, the 'surplus' power that is always fixed on the same side, the inequality of position of the different 'partners' in relation to the common regulation, all these distinguish the disciplinary

> link from the contractual link, and make it possible to distort the contractual link systematically from the moment it has as its content a mechanism of discipline.'
>
> '... in the space and during the time in which they exercise their control and bring into play the asymmetries of their power, they effect a suspension of the law that is never total, but is never annulled either. Regular and institutional as it may be, the discipline, in its mechanism, is a 'counter-law'. And, although the universal jurisdiction of modern society seems to fix limits on the exercise of power, its universally widespread panopticism enables it to operate, on the underside of the law, a machinery that is both immense and minute, which supports, reinforces and multiplies the asymmetry of power and undermines the limits that are traced around the law. The minute disciplines, the panopticisms of every day may well be below the level of emergence of the great apparatus and the great political struggles. But, in the geneology of modern society, they have been, with the class domination that traverses it, the political counterpart of the juridical norms according to which power was redistributed (Foucault, 1977, pp. 222–223).

It does not seem far-fetched, then, to conclude that while Foucault may not have been an unmitigated class-warrior, he certainly regarded these *sub rosa* disciplinary practices as pejorative, going parallel with and playing a key role in the systematic exploitation inherent in the capitalist relations of production.

While there are unquestionably epistemological and ontological differences between Foucault and Marx, Foucault's description of the social forces at work in the Modern epoch is compatible and consistent with Marx's history of capitalism in the 19th century. The advance of capitalism went hand-in-hand with the appearance and widespread adoption throughout Western society's major and minor institutions of the disciplinary practices Foucault so clearly and cogently identified. Against this background, we now turn to describing Foucault's model of discipline and control.

6. Foucault's principles of discipline and control

In his classic book '*Surveiller et Punir: La Naissance de la Prison* Foucault detailed the emergence from the Classical era of an all-encompassing disciplinary drive that became ubiquitous during the Modern era. Foucault identified three general principles underlying the way the disciplinary society functions: the principle of enclosure; the principle of the efficient body; and the principle of disciplinary power. The enclosure principle includes concepts like the cell, useful sites and rankings. The efficient body principle stems from ideas of timetabling, manoeuvres and dressage, and the exhaustive use of time. The principle of disciplinary power includes concepts such as: hierarchization, panopticons, normalizing sanctions and examinations.

Disciplining space: the enclosure principle

Discipline proceeds initially, according to Foucault, by the careful distribution of heterogeneous individuals over space-time locations. In the first instance there is general confinement. This involves specifying special purpose, self-enclosed locations (*clotures*) inside which individuals can be contained and sheltered in a monotonous disciplinary state. Monasteries, poor houses, schools, military barracks, factories, prisons, hospitals and even universities are examples.

Partitioning. Enclosure, however, is insufficient in itself to achieve disciplinary spaces. It is also necessary to partition enclosures to make them amenable to discipline.

Partitioning involves dividing up to the general enclosure into as many self-contained locations or 'cells' as there are elements (bodies) to be distributed. This makes it possible to know, master and make useful each and every individual. The principle of enclosure can be traced back to the monastery of the Classical era where each monk had his own cell. Enclosure, confinement and partitioning were the necessary first steps for turning a heterogeneous mass of humans into a homogeneous social order. With each individual in his or her own space and, importantly, each space with its own individual, the troublesome aspects of large transient groups and their confused collective dispositions could be avoided.

Functional-useful-serialized spaces. Enclosure and partitioning make it possible to effect the 'rule of functional sites'. In the first instance each site is defined in terms of the specific function performed there. Then it is necessary to spread out the individual partitions in a perfectly legible way so they can be linked in a serial fashion thus forming a permanent grid of functional, useful, serialized spaces:

> 'It was a question of distributing individuals in a space in which one might isolate and map them; but also of articulating this distribution on a production machinery that had its own requirements. The distribution of bodies, the spatial arrangements of production machinery and the different forms of activity in the distribution of "posts" had to be linked together' (Foucault, 1979, p. 145).

So each site is converted into a functionally useful place where tight control could be exercised over each and every individual. 'Particular places were designed to correspond not only to the need to supervise, to break dangerous communications, but also to create *a useful space*' (Foucault, 1979, pp. 143–144). This distribution and partitioning of disciplinary space, Foucault observed, worked not only to achieve specialization within the production process but also to assure the fragmentation and de-skilling of labour power. Here, then, Foucault is in concordance with Marx's notion of the de-skilling and the commodification of labour. Within a disciplinary grid, each space and every individual could be analyzed, measured and assessed according to criteria for the strength, skill, promptness and constancy of the individual occupying that space, criteria which arose from the requirements of the production machinery. Thus the body could be matched perfectly with the machine.

Ranking. Another important aspect of the principle of enclosure involved the art of ranking each disciplinary space. Everyone is defined by the rank he or she occupies in the hierarchy and by the space that separates each rank from the one immediately below and above it. Individuals are not only distributed across a network of relations, but also circulated—moved up or down or across—in the network. Ranks remain permanent but the individuals change according to their most recent assigned rank. What is important is the place the individual occupies in the ranking.

Spaces so constituted are real in a *material* sense, in that they dictate the distribution of physical objects like buildings, rooms, machines and furniture, but they are also *idealized* spaces. They are constituted in terms of their function, their relationship to other spaces, and their rank within the power hierarchy. The effect is to create a *tableau vivant*[12] that transforms '... the confused, useless or dangerous multitudes into

[12] An assembly of live subjects arranged to depict a scene with a subject or a purpose.

ordered multiplicities . . .' and so is the basis of '. . . a microphysics of what might be called a 'cellular' power' (pp. 148–149). The individual's obedience is almost guaranteed.[13]

The principle of enclosure at ITT

The principle of enclosure and its counterpart, the principle of responsibility center accounting, is illustrated vividly in Geneen's story. Once installed as CEO, Geneen moved quickly to reorganize the company. He replaced the old functional/geographic organizational structure with one featuring decentralized profit centres. Managers became fully responsible and accountable for financial performance. By 1977, ITT's line operations consisted of nearly 400 000 employees enclosed in 250 profit centres. Following the principle of enclosure, each space had its own manager; and each manager had his or her own space.

Having neatly partitioned the company into profit centres, Geneen made each responsibility center analysable through what he called 'the discipline of the numbers'. For most people, he postulated, numbers are much more easy to read than words. They use unambiguous symbols which measure the tasks and operations of the organization and, most importantly, they inform upper management about what is going on.

> 'The difference between well-managed companies and not-so-well managed companies is the degree of attention they pay to numbers, the temperature chart of their business. How often are the numbers reported up the chain of command? How accurate are those numbers? How much variation is tolerated between budget forecasts and actual results? How deep does management dig for its answers?' (Geneen, 1984*a*, p. 80).

The financial control system provided Geneen with continuous, functional surveillance of each enclosed responsibility centre. For Geneen, this was absolutely essential if ITT were to become a disciplined and productive company.[14] It seems clear that Geneen, deeply influenced by his own educational experiences, his knowledge of control systems at General Motors, his attendance at courses at Harvard Business School, and his own accounting background, relied heavily on the principle of enclosure inherent in the management accounting axiom that organizations should be divided up into responsibility centres headed up by an accountable manager.

Disciplining time: the efficient body principle

With individuals enclosed in identifiable, ranked, serialized and functional spaces, the principle of the efficient body can be brought to bear on them. This principle is realized through three additional disciplinary practices: the timetable; the articulation

[13] Foucault cites the great mutation of the classroom as an example. In the traditional school of the Classical era each pupil worked for a short time with the master while the rest waited unattended. The new system, in contrast, assigned each pupil to a specific space, time, and rank according to their performance on the most recent assignment or examination. Classrooms were organized by rank. As well, each student was ranked in terms of comportment, character, industriousness, cleanliness and even parents' wealth and occupation. This mechanism made possible the constant and simultaneous control and discipline of each child. While students continually moved within the ranks and aligned intervals of spaces, each came under the normalizing, classificatory gaze of the master in charge of that particular space. The new educational system functioned like a giant 'learning machine' which mechanically hierarchized, supervised, directed and sanctioned each student under its constant disciplinary gaze.

[14] Previously, ITT had been disciplined by technical, engineering, electronics discursive practices. For Geneen, it was essential that the new financial control with its discursive practices replace the old engineering one.

of body and machine; and the exhaustive use of time. It is important to recognize that just as the principle of enclosure disciplines space, the principle of the efficient body disciplines time.

The timetable. The timetable is the first stage in disciplining time. It articulates each functional partition in terms of when specific activities and routines are to be performed. It establishes a rhythm and a regularity to actions. It can be formulated in terms of days, hours, minutes and even seconds. It defines a time '. . . without impurities or defects; a time of good quality, throughout which the body is constantly applied to its exercise' (Foucault, 1979, p. 151). The timetable effects a clockwork-like world of daily repetition and regular cycles of 'useful' activities. It programs each individual in a constraining chain of detailed, minute actions for the entire time the individual occupies that space.

Foucault traces the timetable to the strict regimen adhered to in monasteries of Europe. Regimen and routine led to a 'disciplined disciple'. Other institutions readily adopted the monastery timetable. The meticulous partitioning of time and the pious repetition of exercises and duties found its way into the military and into the grand French factories of the 18th century. The rules of one factory, for example, required all personnel to start the day by washing their hands, thanking God for their work and making the sign of the cross. Sanctions were invoked for being 15 minutes late for work, for talking or joking with coworkers, or for leaving one's work station. During meal breaks, no conversation was permitted that might distract workers from their duties. Every attempt was made to '. . . assure the quality of time used: constant supervision, the pressures of supervisors, the elimination of anything that might disturb or distract: it is a question of constituting a totally useful time' (Foucault, 1979, p. 150). Time penetrated the worker's body rendering it docile but efficient.

While the timetable specifies at what moment the activity is to be performed and defines the general framework for an activity, the 'temporal elaboration of the act' goes even further by specifying the precise way to perform the activity. Foucault cites the transmutation of the correct way of marching for French soldiers as an example. Efficient body movements and the timetable, however, are necessary but not sufficient conditions for fully achieving the principle of the efficient body. It is also is necessary to achieve a systematic and meticulous meshing of the body to the specific object—pen, rifle, wagon, machine or whatever.

The correct technique for handwriting, for example, resembled gymnastics. The position and movement of the feet, the arms, the index finger, the elbow and even the chin were rigorously prescribed. Each movement was assigned a direction, a range and a duration within a prescribed sequence. Each part of the body was disciplined. The disciplinary power thus achieved is not so much a forceful extortion of the product as it is a coercive chain binding the body to the apparatus of production. The detailed prescriptions (the knowledge) carried in the regulation (the discourse) and imposed on each individual (power) converted him or her into a manoeuvre that is to say a 'man (body)-machine'. Both the individual and the machine, objects of discipline, were chained together.

The exhaustive use of time. These techniques, however, still were not enough to effect the principle of the efficient body. In addition, time had to be used exhaustively. As Foucault explains, in the Classical era, the principle of non-idleness prevailed. Since God counted time and men paid for it, to waste it was a mortal sin in the eyes of God.

Moreover, it was economic dishonesty in the eyes of fellow men. During Modernity, however, this negative conception took on a positive economy of wasted time in the form of a demand for the continual increase in the utilization of time. Detailed concern with the efficient use of time proved a definite competitive edge. For example, it was a strategic advantage in the mid-1700s for the Prussian army under Frederick II whose brilliant victories caught the attention of all of Europe. Armies in other counties soon followed suit—as did schools, hospitals, workshops and universities. The principle spread throughout society and the 'educated, useful body' became commonplace.

The exhaustive use of time also calls for the incorporation of highly trained individuals in a body-machine system. As a consequence, *bon dressement* ('dressage' or 'correct training') emerged as an important disciplinary technique.[15] The disciplined soldier, for example '. . . begins to obey whatever he is ordered to do; his obedience is prompt and blind; an appearance of indocility, the least delay would be a crime' (Boussanelle, 1970, quoted in Foucault, 1979, p. 166). In the school, a signal from the teacher—a word, a clap of the hands, a bell, a glance or a single gesture—attracted the children's attention making them instantaneously attentive to its implicit but clear command. More importantly, dressage automatically triggers a reflexive response from the disciplined body. It places the individual in a world of signals, each with its unique response and its moral imperative. Dressage not only restrains the subject, but also links individuals together and so multiplies their usefulness.

It is important to realize that the efficient body principle, for Foucault, is not a celebrated, triumphant power. Instead, it works in a modest, calculating and constant fashion. It must be exercised gingerly in order not to weigh too heavily on the individual. Nevertheless, its effects are remarkable. It forms an otherwise mobile, confused and useless mass of individuals into obedient objects whose deportment can be counted on to conform to the prescribed actions.

For Foucault, these new techniques of subjection—the timetable, the temporal elaboration of the body, the articulation of body and machine, and the exhaustive use of time—led to a metamorphosis of the treatment of the body. It became a target to be manipulated, to be exercised in correct movements, and to be available for the imposition of ever more knowledge. Thus subjugated, the individual functions as obedient, docile and willing flesh (Foucault, 1979).

The efficient body principle at ITT

Geneen's financial control system at ITT bears more than a little correspondence with the principle of the efficient body. In terms of timetabling, each profit centre manager and staff divisional head submitted their annual budget and business plans in February for review and revision at both the local level and at headquarters. Then, in November and December, Geneen and other key headquarters officials met face-to-face with each manager and his or her own staff to discuss, review and finalize the plans and budgets. The finalized budget, now 'carved in stone', became the benchmark for performance in the ensuing year.

> '. . . each division manager and his own management staff had negotiated an agreement with headquarters on his budget and business plan for the following year. He had made a firm commitment to ITT. His subordinates down the line had made their commitments to him for the integral parts of his budget. He would hold them to their

[15] Dressage today is taken to mean the habitual training of an animal, particularly a horse, in obedience and deportment. In the case of humans, it can be applied in the same sense.

word as we would hold him to his commitment—or know the reason why' (Geneen, 1984*b*, p. 92).

Geneen also required each manager to sketch out 2, 3 and 5 year profit plans of the profit-centre managers as well as anticipated capital expenditures. He did not, however, put a great deal of stock in long-range, qualitative strategic plans but instead focused on the current year: 'The budgets and business plans for all our divisions, bound in loose-leaf books, occupied more than thirty feet of bookcase shelves. But those books were the bible we lived by' (Geneen, 1984*b*, p. 93).

The cornerstone of the financial control system, however, was the monthly operating report. Each profit centre manager submitted to headquarters, by the fifth working day of each month, reports which included pertinent and detailed information on: sales, earnings, inventory, receivables, employment, marketing, competition and R&D along with any current or anticipated problems. The manager also reported on the current economic and political situation in his or her territory. Divisional comptrollers also made a monthly financial report to the headquarters comptroller. Moreover, all headquarters staff division heads (engineering, accounting, marketing, R&D, etc) sent Geneen a monthly report about the situation in their specialized area, as did the product line managers. Geneen, and his headquarters staff, personally scrutinized each and every report. He summed up his surveillance network this way: 'Information flows up the chain and orders flow down. Everyone knows his or her own place and responsibilites in the hierarchy. Logic and order are supposed to reign supreme' (Geneen, 1984*b*, p. 85).

The profit-centre philosophy also served to train managers to act like 'individual entrepreneurs'. Geneen selected each manager carefully to ensure that only those persons who fitted his predetermined mould got the job. He did not want geniuses who could not communicate with ordinary, hard working people. Nor did he want people who got by on their good looks, smooth talk or family connections. Instead, he looked for people who shared his enthusiasm for hard work '. . . what we sought were capable, experienced men who were motivated, who wanted to achieve and to make something of their lives, and who were not afraid to work hard for what they wanted' (Geneen, 1984*b*, p. 138). Intelligence, knowledgeability and experience were necessary, but not sufficient, characteristics. Each manager also had to display 'an enthusiasm for labouring'. Geneen's normalizing mould was clear for all to fit into.

More specifically, the information in the financial controls became the basis for the dressage-like training of ITT's managers. The on-site, monthly meeting with 150 European General Managers and 40 headquarters staff managers quickly became Geneen's 'training grounds'. As Geneen (1984*b*, pp. 96–97) describes it:

> '. . . soon after I came to ITT I saw the advantages of meeting face to face with our European directors, rather than trying to solve problems over the transatlantic telephone or telex systems. The look on a man's face, his tone of voice, his body language made a difference in the decisions I was making. We started out in Europe in small, smoke-filled hotel rooms, but as the company expanded and built its own European headquarters in Brussels, the monthly General Managers Meeting usually consisted of 120 to 150 managing directors. Every month I flew to Europe with about forty headquarters staff, and we sat down together and went over the monthly operating reports. The pertinent figures from the comptrollers' reports and the managing directors' reports were flashed on giant project screens in three corners of the room. Everyone on the headquarters staff had read every monthly report to be reviewed. We were informed. In going through the two large brown leather-bound loose-leaf books of reports, I made it a practice to jot down my queries in red ink and turn down the corner of the page to mark any item I wished to query at the meeting.'

> 'We sat around a large U-shaped table, covered in green felt, facing one another, and I asked questions based upon the notes I had made on their monthly operating reports. Why were the sales down? Was he sure of the reasons? Had he checked it out? How? What was he doing about it? What did he expect in the month or two ahead? Did he need help? How did he plan to meet or outdistance the competition?'

Geneen came armed with a series of 'red-ink queries'. He exhorted the others to do likewise:

> 'Not only I but anyone else at the meeting could say anything, question anything, suggest anything that was pertinent. Each man had a microphone in front of him. With the figures on the screen, we could all see how each profit centre measured up to its budget commitments, its last year's performance and whatever, in sales, earnings, receivables, inventory, etc.' (Geneen, 1984*b*, p. 96).

Differences and queries were handled on the spot as everyone learned from each other: 'It was at times almost group therapy' (Geneen, 1984*b*, p. 97). The financial control system and the monthly meetings provided the means for training ITT managers in the correct manoeuvres. The signals from Geneen and the financial control system automatically triggered the required proper behaviour. ITT managers performed as efficient bodies.

Sampson captures the dressage image in describing ITT's takeover of Avis Rent-A-Car. Many people at Avis complained that they now spent more time dealing with ITT than they did renting cars. The new president (who replaced Townsend—the consummate artistic, anti-bureaucratic manager) 'had the task of fitting the company into the hard shafts of the ITT harness' (Sampson, 1974, p. 79). The metaphor of shafts and harnesses captures well the spirit of dressage—a key ingredient in Geneen's control system.

The principle of disciplined bodies: the means of correct training

The third principle in Foucault's model is the principle of disciplined bodies or the means of correct training. This final link in Foucault's chain of disciplinary power involves the use of hierarchical surveillance, normalizing sanctions, examinations, and the panopticon. These 'instruments of organization' were, he believed, the means that led to the successful imposition of the principles of enclosure and efficient bodies.

Hierarchical surveillance. Hierarchical surveillance emerged in the 18th century as a special kind of 'looking on' or 'gaze' that constrained the individual without the watchers being seen or, even without them looking. This discreet art of close watching consisted of '. . . the minor techniques of multiple and intersecting observations of eyes that must be seen without being seen; using techniques of subjection and methods of exploitation, an obscure art of light and the visible was secretly preparing new knowledge of man' (Foucault, 1979, p. 171). The gaze constrained as it watched.

The disciplinary gaze was not complete, however, without a system to relay information. This called for a pyramid-like administrative network, discreet enough that it did not appear to weigh too heavily on the individuals in the hierarchy, yet sufficient to act as either a brake or an obstacle to each individual's activities. The

pyramid was decomposed into small but precise units of surveillance and the levels and numbers of administrators were increased. The disciplinary gaze could have no missing links.[16]

As factories became larger and larger in the 19th century, close surveillance became essential. Some sort of disciplinary gaze was necessary to monitor specific activities of the workers, observe their skills and knowledge, watch the precise way they went about their tasks, measure the speed with which they worked, observe their zeal for their work, and monitor their general comportment while on the job. This called for a vast hierarchy of subalterns, administrative underlings, controllers, inspectors, foremen and straw-bosses. Hierarchical surveillance, with its cadre of administrators, emerged to meet this need as a separate but essential function of discipline and control.

This specialized supervisory layer of personnel soon became indispensable. Yet, even though constantly present, they were distinct from the work force, seeing themselves as superior to and in command of the workers. Moreover, they distanced themselves from the work force and usually treated the workers harshly, strictly and with contemptuous severity. The workers, although preferring the old cooperative structure, nevertheless docilely came to believe that the new form of surveillance was essential to the emergence of industrial production, private ownership of property, and profit seeking. The smallest waste, incompetence, or cheating, when multiplied hourly, would threaten the survival of the factories in which they made their livelihood.

Foucault saw hierarchical surveillance as one of the most important social inventions to emerge in the 18th century. Aimed at the individual, it functioned as a complete network of relations from top to bottom and from side to side. Following the laws of optics and the principles of mechanics, it enabled an uninterrupted, calculating, disciplinary gaze to play out over the surface, lines and fibres of organizations. Importantly, however, it functioned without force, excess or violence (Foucault, 1979). It imposed its new power, not with corporal punishment, but more insidiously perhaps, as an infliction on one's cerebral and erudite sensibilities. Anonymous, automatic and indiscreet, hierarchical surveillance became an integral part of the economic and social order of Western society (Foucault, 1979).

Surveillance was best accomplished, however, in the confines of 'human observatories'. This was exemplified in the military camp. The geometry of alley ways, the number and distribution of tents, the facing direction of tent entrances, and the rules governing the disposition of officers' and the soldiers' encampments were precisely drawn out so that power could be exercised by a network of single, exact glances. The encampment idea soon penetrated the design of many other institutions: schools, prisons, hospitals and asylums. Even workers' housing developments were constructed to facilitate constant observation. Architects no longer designed buildings to be seen nor did they design them so that occupants could look on a spectacular view; but rather

[16] Hierarchical surveillance proved to be a key element for discipline in the large factories and workshops of the 18th and 19th centuries. Previously, inspectors from outside the manufactories made rounds to see that the rules were met regarding the quality and quantity of raw materials, the type of machinery used, and that the tolerances for quality and quantity of output were met. As well, master craftsmen directly oversaw the work of the craftsmen and the apprentices. Over time, however, production equipment became more important and complex, the number of workers within one manufactory grew substantially, and the degree of task specialization increased. With these changes, control became more difficult but, paradoxically, more necessary.

buildings were patterned to permit a constant 'gaze', one which looked in on and articulated control over the inhabitants (Foucault, 1979).[17]

At L'École Militarie, for example. Superintendent Paris-Duverney designed the school building as an apparatus of continuous surveillance. Health (vigorous bodies), qualification (competent officers), politics (obedient soldiers), and morality (no debauchery or homosexuality), were the goals for the student body. Moreover, each student was assigned his own separate compartment with a large window so the officers could look in at anytime. As well, the officers' table in the dining hall was raised in order that they could keep an eye on the pupils of their own division and the toilets had half-doors so the duty officer could see the heads and legs of the pupils when in the stalls. These arrangements meant that each cadet's health, qualification, politics and morality could be under constant surveillance.

Normalizing sanctions. Hierarchical surveillance, however, required a system of rewards and penalties. As a consequence, the new layer of supervision developed a system of 'normalizing sanctions' which moved into spaces of indifference not covered by the general statutes of the state. It put into place its own laws, its own ranges of proper behaviour, its own rules for solicitous judgments, its own designated infractions, and its own appropriate sanctions for deviance. It operated, in effect, like a miniature legal and prison system. Surveillance and sanctions spread throughout society. In the workshops, the schools, the military, the bureaucracy, etc., deviant behaviour was ferreted out and appropriately sanctioned. Everyone was enmeshed in an *ex legalis*, punishable-punishing world.

These disciplinary sanctions, Foucault emphasized, were basically corrective. Alongside the regular punishments of the legal system (fines, whippings, and solitary confinement) were erected a different series of punishments—drills, long and arduous apprenticeships, repetitious exercises, etc—to sanction and reduce non-conformity. In school, for example, a student whose behaviour was deemed 'uncooperative' was made to memorize long passages by heart or to write repeatedly one or two lines of verse. Punishment was not so much for avenging an outraged law. Nor was it for expiation or repentance. It was inflicted to correct behaviour and minimize non-conformism—it was outside of the legal, juridical systems.

Most of these normalizing sanctions, importantly, were not punitive. The use of penalties was avoided if at all possible. Instead, the master, teacher, boss or reformer tried to merit out positive recompenses more frequently than painful ones. Superordinates held to the prevailing belief that lazy individuals are more incited by a desire to receive the same rewards as diligent ones than they are motivated by the fear of penalties. A judicious mixture of gratifying and negative sanctions—along with drilling, repetition and correction—made improper behaviour all but impossible.

These new techniques of sanctioning, however, were not mere carbon copies of the legal and official tribunal system. They moved into spaces previously unobservable,

[17] Ledoux's utopian town, Arc-et-Senans, was an exemplar. All buildings were arranged in a circle and each opened on the inside. In the centre of the town stood a tall building that housed the administrative and control functions—police, office controllers, auditors and even church officials. These bureaucrats in charge of encouraging obedience and hard work, had their offices in the central city hall from where they could record every activity of the inhabitants, judge their faults, and issue orders. This building was to be '. . . the source of light illuminating everything, and a focus of convergence for everything that must be known, a perfect eye that nothing could escape and a centre towards which all gazes would be turned' (Foucault, 1979, p. 173). The geometric layout of the town permitted a constant, all-seeing, all-knowing gaze.

unfettered by any rules, or untouched by formal and legal regulation. It is important to underline this point because it is one of Foucault's great insights. Disciplinary punishment colonized those areas not already ruled by society's judicial system, spaces which were until then the only 'natural' places left for the individual. The soldier, for example, who did not raise his rifle to the required height during drill, or the student who did not remember the catechism from the previous lesson, or the worker who did not hold his tool correctly, found himself or herself victimized as the object of a series of penalties. Under the normalizing gaze, even these domains, previously indefinite and non-conforming, became penalizable.

Moreover, these gratification-penalty structures were readily quantified. Behaviour was calibrated along a continuum with positive and negative ends. Individuals received points for their behaviour according to where it fell on the continuum, thereby making it possible to maintain an on-going, real-time accounting table (*grande tableau*) for each individual. The military, the workshops, and the schools soon employed these 'personal accounting' systems. Portioning, ranking, sanctioning, promoting and demoting were integrated into a cycle of complete knowledge about the individual.[18] Each teacher, officer, master, overseer or reformer was required to perform the essential surveillance, ranking and punishment functions, and to keep a written record of subordinates' progress and comportment. The record served as a rationale for the distribution of sanctions, promotions and demotions. Each person was not only completely known, but also completely 'written'. This constant 'accounting' for the individual completed the 'cycle of knowing'.

The system instituted in the 18th century at the French L'École Militaire is a striking example of a finely-calibrated, highly-visible system of honourary classifications. Each cadet was graded at short intervals by officers, instructors and assistants on their moral qualities and their general demeanour. The results were recorded in permanent reports and used to continually assign and reassign each cadet into one of five classifications, each with its own colour-coded epaulette.[19] This penalizing hierarchy functioned to distribute the cadets across ranks and positions according to their aptitudes, to identify each in terms of his future usefulness to society, and, most importantly, to exercise a constant pressure on each cadet to produce him as a compliant, reliable, diligent, docile and obedient soldier.

The art of punishment within the realm of the disciplinary power gaze, Foucault observed, was neither retributive nor restitutive. Rather, it put into play five other processes: it set up an entire field of comparisons for individual actions; it differentiated each individual in terms of his or her minimal, average, or optimal rule following behaviour; it measured, quantified, ranked and valued each person according to his or her capacity, level of ability and 'general nature'; it introduced the constraint of conformity through the valorization of specific activities and behaviour; and it defined

[18] Foucault cites the Brothers of the Christian Schools as an archetype. The Brothers devised an intricate micro-economy of rewards and penalties. Students gained points for correct answers to catechism questions. These points could be carried forward and used to gain exemption from penances imposed on them for offenses (Foucault, 1979, p. 181). The 'score-cards' also served as a mechanism to effect a continuous relative ranking of students. Even more importantly, they provided an historical database or 'permanent notational calculus', as Foucault (1979) called it, containing complete information about each students' nature, potential, value, current rank and most recent assessment. The individual became completely known.

[19] In descending order these were: very good (silver metal epaulette), good (red silk epaulette), mediocre (red wool epaulette), bad (brown wool epaulette), and shameful (no epaulette and dressed in sackcloth). The silver epaulette carried with it the right to make military arrests and to mete out punishments to the other cadets including imprisonment.

both extreme limits or frontiers of the abnormal. Differentiation, hierarchization, homogenization and exclusion combined to effect a ubiquitous, penalizing gaze on each subject. Appearing through the disciplinary gaze came the power of the norm.

The examination. The next element of the principle of disciplinary power is the 'examination'. As with the other techniques of discipline and control, it developed into a major vehicle of power in the late 17th century.[20] The examination incorporated aspects of surveillance, hierarchization, measurement and normalization. Through its ceremony of power, it established 'the truth' about each individual, and became one of the most effective instruments of discipline and control in Western society (Foucault, 1979).

The hospital, previously little more than a poorhouse, was an archetypical example of an examining apparatus. Doctors conducted daily ritualistic examinations of patients. Clergy made regular visits to patients to make sure they were 'spiritually well'. And hospital administrators carried out daily rounds to 'check up' on patients. The disciplined hospital with its 'power-seeing' (*pouvoir*), combined with the medical practitioners' 'knowledge-seeing', (*savoir*), to produce an 'examinatory of objects'. Patients became the object of perpetual surveillance, examination and normalization.

Schools also became a vehicle for continuous examination. This brought a double burden on the subject—learning and undertaking examinations. Educational institutions changed gradually from a place where students played and competed with each other to one where they were constantly compared, measured, discussed and sanctioned. The story was repeated in the military. The examination came into its own as a major mechanism to transform the economy of visibility into the exercise of power (Foucault, 1979).

The examination also left behind a perpetual, detailed, archival documentation of each individual and so provided material for databases available to calculate national averages and to construct norms for the entire population. This made it possible to compare and classify individuals, along with particular segments of the population, according to predetermined 'desirable' features. The seemingly trivial techniques of data collection, notation, registration, files and compilation of tables and columns proved to be the raw material for the developing of new 'sciences of man' which, according to Foucault, placed everyone in a state of perpetual subjugation. Constantly in the light, each individual could be seen, examined, categorized, rated, sanctioned and normalized.

The examination inverted the old system of punishment and control. In the Classical era, power was exercised on the individual's body in public displays where the subject was vilified, tortured or executed. In the Modern era, in contrast, punishment came to be exercised behind closed doors. It constituted a sort of ceremony whereby it arranged subjects in classifications and exercised a constant punishing gaze over them. This new form of power, Foucault believed, was far more insidious than public torture and execution. It inflicted its mark, not on the body, but on the mind.

The examination and its ensuing database also gave birth to the 'case study'. The social scientist, now an expert, measured, described and compared each case against the average or 'normal' individual. This enabled the expert to judge each case and to determine the proper correction, exclusion or detention. The space, so to speak,

[20] See Hoskin and Macve (1986) who trace the examination back to its appearance in the new elite universities during medieval times.

between normal (average) behaviour and the individual's actual behaviour became an area for investigation, study, theory and research. Real lives were turned into 'accounts' or 'texts' of lives and a new technique of power emerged—the writing, or more appropriately, the 'righting' of the person. The new clinical experts measured, described, and normalized the individual.

The panopticon. These 'techniques of correct training'—hierarchical surveillance, normalizing sanctions and the examination—worked best within the panopticon. Originally designed for prisons, the panopticon featured a unique architecture. A central tower looked out in all directions into layers of solitary cells arranged in the periphery ring. The cells, or cages, acted as tiny theatres, putting each inmate on the stage, alone and individualized, but with uninterrupted visibility from the central tower. The inmate, although constantly aware of the outline of the central tower, could never be sure at any given moment whether or not he or she was being watched. The central tower was designed with venetian blinds, specially angled partitions, and zig-zag internal openings that could scan in different directions. As a result, the presence or absence of a guard or director in the central tower was unverifiable from the cells. Spectacular manifestations of power in the old dungeons gave way to anonymous but constant surveillance.

A further advantage of the panopticon was that anybody would do in the central tower. It could be a friend of the director, a relative, a servant or just a passer-by. The inmate could only catch an occasional glimpse of a shadow. Nor did it matter what the person's motives were—curiosity, malice, research, or just the pleasure of spying—as long as there was an occasional movement in the tower. In fact, Foucault observes, the panopticon worked all the better when there were a variety of temporary, anonymous observers, in which case the inmates' anxiety rose and they were more liable to conform to prescribed 'normalization'.

The power of the panopticon did not stop here. Different punishments, medicines, teaching methods, therapies, regimens and work timetables could be administered on subjects and the effects systematically monitored. As well, it enabled the director, at a glance, to monitor employees (wardens, nurses, doctors, teachers, supervisors) and guide them towards more efficient methods. It also made it a simple matter for a government inspector, arriving at any random point of time, to judge how well the institution was working. Even the public at large could come to the central tower and peer at the inmates (patients, students, workers or whatever) and the proceedings. The panopticon, a highly efficient seeing-machine, and laboratory of power, was the ideal means for knowing and disciplining space, time and the body.[21]

The principle of disciplined bodies at ITT

Geneen's account of his financial control system at ITT typifies many aspects of the principle of disciplinary power. One of his first, but perhaps most critical, moves in reorganizing ITT was to restructure the comptroller's organization. Under the old system, field comptrollers reported directly (solid line) to the field managers and only indirectly (dotted line) to headquarters. Geneen changed this to a solid-line reporting to headquarters *and* a solid (but weaker) line to the field general managers. Initially, this move met with stiff resistance. Line managers, fearful that their controllers would

[21] It is important to recognize that Foucault did not believe such incarceration actually functioned to rehabilitate the hardened criminal, only that the panopticon designers thought it would.

turn into 'home-office spies', submitted formal protests. Yet as Geneen (1984*b*, p. 90) explains:

> 'They wanted complete control over their domains and the absolute loyalty of their financial men. But I wanted an independent check on their activities by comptrollers who would be personally responsible for the figures they submitted to headquarters. It is all too easy to fudge or cover up the facts with numbers as well as with words. The temptation is always there. Even without conscious lying, different men honestly interpret events and situations differently. Company or division managers can exaggerate anticipated sales or underestimate costs or whatever and the men under them will go along because their jobs depend on it. I wanted the comptrollers to feel free of that pressure and be able to give the home office their honest opinion. If the division manager and his comptroller could not agree, we would settle it at a higher level after a full and open hearing.'

Geneen completed his system of hierarchical surveillance by setting up a cadre of technical staff and product managers in his central headquarters 'panoptic tower'. Technical personnel, experienced and proficient in all aspects of ITT's activities (such as telecommunications, electronics, consumer goods, engineering, accounting, marketing and personnel) were organized into specialized headquarters staff offices. These managers also reviewed and analyzed the monthly reports. Then they were free to go to an ITT location without an invitation to investigate anything within their area of expertise. On the site, they asked questions, got answers, and reported their findings back to Geneen. Before reporting to Geneen, however, the staff people had to tell the local manager involved, as well as their own boss, exactly what they were doing and what findings they came up with. This way the manager had a chance to correct (normalize) the situation. Geneen (1984*b*, pp. 88–89) describes it thus:

> 'These staff men out of headquarters cut through the structured rigidity of the formal organization, monitoring each of the subsidiaries. The accounting staff man monitored the profits, the engineering staff monitored the engineering department, and so on with marketing personnel, legal, etc. The staff people worked very closely with the men out in the field, and they made their reports and recommendations, and they were held equally responsible for whatever went well or poorly in the unit they were monitoring . . . Eventually, the operating men came to look upon the headquarters staff as 'outside consultants' who could be relied upon to help when needed.'

This part of the hierarchy played its normalizing, disciplinary gaze over the surface, lines and fibres of the entire line organization.

As well, any manager or employee who had a suggestion for an improvement anywhere in any aspect of the company's operations, regardless of geographic location, was encouraged to write a signed report, have her or his superior initial it, and send it directly to Geneen. If Geneen had a question he talked directly to the person who wrote the report: 'I really wanted to know what was going on in the company. I thought it was essential' (Geneen, 1984*b*, p. 88). He also appointed a dozen or so senior, product-line staff managers who:

> '. . . roamed over complete product lines, representing competition. He was monitoring the competitive ability of an ITT subsidiary in the marketplace. The product line manager was paid to look cold turkey at an ITT company and its competition and raise questions as he saw fit . . . They had in effect a license to speculate on what could be done differently and better' (Geneen, 1984*b*, pp. 89–90).

Product line managers did not, however, have any authority to give orders to line managers. Instead, they had to sell them their ideas. But they had to report any

disagreements directly to Geneen who 'quickly settled them'.

Geneen held strong opinions about organizational hierarchies. Although he believed in the conventional, textbook version of organization—pyramid, layers of supervision, a labour force at the bottom supporting the pyramid, and a regular chain of command—he was convinced that such a structure had serious flaws, the most important of which involved information flows and their limitations for surveillance of the entire organization. The way he saw it, critical information was often a distorted gaze. It frequently got delayed, twisted and even suppressed as it wound its way up and then back down the hierarchy: 'Managers often become paper pushers; reports stack up; recommendations are made wearily, decisions are delayed, actions are not taken. The company stagnates' (Geneen, 1984*b*, p. 86). As a consequence, he demanded that all important information came *directly* to him and his staff: 'At ITT, we cut through two or three levels of upper management, so that my management team and I could talk and deal directly with the men on the firing line' (Geneen, 1984*b*, p. 96). ITT utilized accounting as its disciplinary gaze; but it was a highly personalized one.

Geneen also initiated a system of ranking for each and every responsibility centre in ITT. A typical example is the rating system he set up for the field comptrollership units. In the late 1970s, ITT employed nearly 23 000 persons in the comptrollership activities, including 325 corporate headquarters staff. Each field controller was examined and rated by an effectiveness score based on 30 identified areas of comptrollership including, for example, intercompany accounting, budgets, cost accounting, capital expenditures, payables, debt management and foreign exchange, the comptroller's monthly operating and financial review, and the comptroller's interface with both the unit general manager and the director of financial controls.[22]

These ratings were displayed on a massive colour-coded 'Comptrollership Grid'. The grid listed each of the 250 comptroller field units on the vertical axis and each of 30 areas of comptrollership on the horizontal one. As a result, Geneen and other top level executives could see at a single glance how well any particular field controller was performing as well as get the picture for any specific function. Newly acquired units and units featuring a 'high situation complexity' (unfavourable business environment, inadquate staff, degree of multiple operations, troublesome governments or tricky foreign exchange transactions) frequently received poor ratings. Here, the measure of the unit comptroller's effectiveness was the time he or she took to remedy the situation. The comptroller's exact actions were detailed in minute fashion. As with the cadets at the *École Militarie* with their colour-coded epaulettes and sack cloth uniforms for the 'shameful', the Comptrollership Grid provided an exhaustive, automatic examining, portioning, ranking, sanctioning and promoting or demoting of the comptrollers. The result was obedient, disciplined, and willing comptrollers.

Such disciplinary practices prevailed throughout the company. Each of the line and staff managers received a similar dose of surveillance, discipline and sanctions. Each

[22] A 'yes-no' type questionnaire was developed for each comptrollership area with some 30 to 60 'yes-no' type questions, depending on the area. Each unit controller answered nearly 1600 self-evaluation questions in completing the examination while the divisional financial controller (DFC) answered over 150 questions. The self-evaluation items, based on a 0 to 5 point scale, were weighted one and the divisional controller's items carried a weight of five. Thus, the final score was weighted about 70% on self-evaluation and 30% on DFC's ratings. The two ratings then were combined to get an overall score where a perfect evaluation equalled 100. The ratings for each of the 250 field units became the basis for a colour-coded ratings timetable (blue, green, yellow and red) where blue (the highest rating) indicated satisfactory performance and another rating in 2 years, while red (the lowest rating) meant unacceptable performance and another rating in 3 months.

operating and staff manager included in their monthly report a brief description of any significant problems they were facing, a clear statement of the action recommended, the reasoning and numbers used to analyze the problem, and a brief opinion statement regarding the resolution of the problem. These problems remained 'red-flagged' until they were solved. They also became part of the agenda at the monthly face-to-face meetings:

> 'If the man knew [of a problem] and was reluctant to put the facts in the open, my questions would force him to admit what he was trying to hide. If the man did not know or understand his own lines, which was often true because he had not written them, then my questions, doubly embarrassing, would force him to do his homework' (Geneen, 1984*b*, p. 100).

While Geneen's disciplinary grid provided hierarchical surveillance, the numbers were the most critical part of it. In fact, 'the numbers make you free' became his famous credo. Managers were required in formulating their budgets to put down on the paper the '. . . whole gamut of costs of the product, supplies, production, labour, plants, marketing, sales, distribution—and also anticipated income from sales based upon market share, back orders, and what have you' (Geneen, 1984*b*, p. 191). These numbers, however, were not merely pulled out of the air. Nor were they to be based on 'hopes' or 'whims'. Rather, they were to be carefully gathered by the line managers and based on the best possible available figures and facts.

As the budget year unfolded, a similar set of numbers flowed into headquarters each month, or weekly in the case of red-flagged units. Geneen scrutinized every piece of information searching for anything that might be off plan. He believed fervently that 'unshakable' facts, along with hard-headed, hard-hitting cross-examinations, were essential in order to instill the requisite degree of discipline into the organization.

> 'It is discipline that is built into the credo management must manage. Part of that discipline is recognizing that the first answer you receive is not necessarily the best one. That is why I put so much emphasis upon probing for unshakable facts' (Geneen, 1984*b*, p. 123).

Geneen insisted on receiving timely, detailed and accurate information from every nook and cranny of the organization. He was convinced that if executives looked closely at the numbers, any company could slowly but surely emerge as a well-managed enterprise. If, however, they did not keep at the numbers constantly, they would soon slide downhill. Geneen's own self-discipline, as reflected in his view of this process, is worth quoting at length:

> 'There is a price to pay for all this analysis, of course: paying attention to the numbers is a dull, tiresome routine—it's drudgery. The more you want to know about your business, the more numbers there will be. They cannot be skimmed. They must be read, understood and compared to other sets of numbers that you have read that day, that week, or earlier that year. And you have to do it alone, all by yourself, even when you know that it would be far more stimulating to be doing almost anything else.
>
> If you are running a well-managed company, most of the numbers will be those you expect. That makes them even more mundane and dull. But you cannot skip over them; you dare not allow your concentration to flag. Those numbers are your controls, and you read them until your mind reels or until you come upon one number of a set of numbers that stand out from all the rest, demanding your attention, and getting it.
>
> What you are seeking is *comprehension* of the numbers: what they mean. That will come only with constant exposure, constant repetition, retention of what you read in the past, and a familarity with the actual activities that the numbers represent. You cannot speed

> up the process. Comprehension seeps into your brain by a process of osmosis and gradually you find yourself at ease with numbers and what they really represent.
>
> The truth is that the drudgery of the numbers will make you free. The confidence that you are in control, that you are aware of the significant variations from the expected, gives you the freedom to do things that you would have been unable to do otherwise. You can build a new plant, or finance risk laden research, or go out and buy a company, and you can do it with assurance because you are able to sit down and figure out what that new venture will do to the balance sheet. You will be able, in short, to manage' (Geneen, 1984*b*, p. 81)

Rather than using committees Geneen preferred to 'examine' the managers of the operating units himself. The notorious monthly meeting in Brussels of 150 of ITT's top executives served as Geneen's examinatory:

> 'The invited 150 officers hear introductory remarks by Geneen, an operations report from Dunleavy, and reports on such matters as inventory levels and receivables. Then the action begins. The heads of the bigger companies and the line group vice-presidents responsible for the others track the performance of their operations against their budgets. Anybody attending can ask questions and make suggestions.
>
> Some former employees complain that the big meetings reek of Kafkaesque courts, of volleys of verbal invective fired at underachievers. "Many of us have frankly left the organization for having been spit upon publicly", says a former European unit manager. Geneen, by contrast, views the meetings as open, business-like forums at which participants try to help one another' (*Business Week*, Nov. 3, 1973)

This examinatory practice, featuring an alphanumeric-inquisitional process of reading, examining and re-writing each manager as a text, was seen by the managers not so much as a 'helping' session, but a 'hell' session.

Geneen also believed ardently in the exhaustive use of time and the perpetual struggle for improvement. He writes extensively about his own working habits when he constantly travelled back and forth to Europe, took home huge cases of office work each weekend, and normally worked 12 to 16 hour days for seven days a week.[23] He did so, he recalls, not simply to get his own work done competently, but more importantly to establish standards of hard work and commitment for the entire organization—to set the 'norm':

> 'I worked as long and hard as any man at ITT and they knew it . . . I did set an example, an honest example, which travelled down the ranks of management and, to an extent, established a standard of performance for the whole company . . . If I could do it, so could the next man' (Geneen, 1984*b*, p. 136).

Along with gruelling standards for working hours, Geneen constantly harangued the organization for more productivity. He set what he thought were challenging and competitive goals of steady, stable increases in earnings of 10 to 15% each year. Any chance he got he talked about growth. His expectations were for everyone to stretch beyond the ordinary. He never let up and he did not hesitate to reward those who followed his dictums:

> 'I wanted to create that kind of invigorating, challenging, creative atmosphere at ITT. I wanted to get the people there to reach for goals that they might think were beyond them. I wanted them to accomplish more than they thought possible. And I wanted them to do it not only for the company and their careers but also for the fun of it. I wanted them to enjoy the process of tackling a difficult piece of business, solving it, and going on to bigger, better and tougher challenges. I wanted them to do this, not for

[23] Geneen tells of numberless meetings which started early in the morning and continued on until 10 p.m. or midnight, or even in some cases, all night.

> self-aggrandizement, but as part of a greater team effort, in which each player realized his own contribution to the team, knew that he was needed and appreciated, and took pride and self-satisfaction from playing a winning game. (Geneen, 1984*b*, p. 135).

This process of self-normalization was Geneen's ultimate aim.

Geneen also believed that raising standards beyond what most managers thought was possible was one of his major personal contributions to ITT. He was convinced that the levels of achievement he insisted upon penetrated the entire company: 'We stretched and stretched, we reached and reached, we managed, and we achieved our goals. And we felt good about it' (Geneen, 1984*b*, p. 129). Standards for long working hours and constantly increasing goals put into effect a system that exemplified the principle of the exhaustive use of time.

Geneen was also a master of 'dressage'. Each manager had to at least posture as a user, and more importantly, a believer in 'managing by the numbers'. They were trained to meet face-to-face, to look into each other's eyes, to listen carefully to the tone of other's voices, and to pay attention to their 'body language'. Telephone or telex would not do. You had to see the other person's reactions.

Geneen's management accounting and control system also mirrored the ideals of the panopticon. From the central headquarters office, the accounting system cast its constant normalizing gaze into every responsibility center throughout the organization. At a glance, it could monitor any part of ITT. It effected a continual flow of both formal and informal information into Geneen's office. Individual managers, however, never knew at any particular moment whether or not Geneen was 'gazing' directly at them through the windows of the numbers, or if not him personally, then some other member of the anonymous headquarter's staff. Within this accounting and control panopticon, the line organization anxiously conformed to the 'prescribed normalization of the numbers'.

Geneen's position—'the numbers will make you free', it is important to realize, is the antithesis of Foucault's. For Foucault, they would be a critical part of the 'prison' which incarcerates managers in their responsibility centers. 'For the disciplined, as for the believer, no detail is unimportant, but not so much for the meaning it conceals within it as for the hold it provides for the power that wishes to seize it' (Foucault, 1979, p. 140).

7. Reflections on applying Foucault to ITT

The aim of this research was to assess a portion of Foucault's work empirically. Given his views on social science methodology, evaluating Foucault's work on terms other than his own is difficult (this is compounded by Foucault's inconsistent and contradictory statements over time on methodological issues). This research did not use genealogy or archeology, but this does not invalidate its contribution, unless one believes Foucauldian metanarratives reign supreme, which is difficult to reconcile with Foucault's eclectism on such matters.

Having tackled Foucault in this spirit, a surprising lesson of the research, given the heat surrounding Foucault's alleged methodological nihilism, was the social science conventionality of much of *Discipline and Punish*. Taken alone, the principles of discipline and control based on panopticism form dimensions of a model similar in approach to other methods that adopt classificatory schema whilst recognizing the essential subjectivity of knowledge, for example, 'ideal types' in Weberian

sociology; symbolic interactionism; or even forms of labour process analysis. Foucault's own work was not averse to systemic thought. This was done to good effect for he provides an insightful and operable mode of analysis for ITT which produced results confirmatory of other Foucauldian scholarship.

A major research conclusion was how ITT's control systems resembled the components of disciplinary power described by Foucault. Accounting made managers governable by creating abstract calculable spaces. The ITT case indicates that accounting controls, reinforced by direct personalised celebrations of accountability, are akin to a panoptical gaze. Their effects upon managers were marked and, in some instances, disturbing. The combined effects of output controls and accountability produced a feeling of perpetual observation not dissimilar to the victim of a panopticon. As an ITT manager recounts, 'You'd realise that being an ITT manager is like living in a room with closed circuit television and a bug up your ass'. (Sampson, 1974). There is little doubt that Geneen's methods intensified managerial work: whilst the financial rewards for executives who complied could be high, they carried heavy personal costs, as was reflected in high rates of managerial turnover (Menzies, 1980). As Sampson (1974) graphically observed. 'For a newly joined manager . . . the ordeal can be terrifying: there are stories of one man fainting as he walked in, and another rushing out to get blind drunk for two days. For the hardened ITT man it is no more than a routine test of sang froid; 'You have to be prepared' said one of them, 'to have your balls screwed off in public and then joke afterwards as if nothing had happened' '. Geneen advanced and refined the principles of disciplinary power through the aggregative abstractions of management accounting controls. Supplemented by interogation, control could be extended over time and space, and, most importantly, it came to be self-policed by creating within the minds of managers a conception of what being an effective manager entailed.

It has been argued that Foucault's work tends to draw from Goffmanlike 'total institutions' such as prisons and mental asylums rather than work organizations (Armstrong, 1991). This may be correct but this paper purports that the images and metaphors of Foucault are analogous to controls in a large business organization. Moreover, ITT and Geneen became revered for a while as representing a model of best practice. Geneen succeeded in creating a public image as a great manager. When he left Raytheon in 1959 its market value decreased $18m overnight. ITT became dubbed 'Geneen University' due to its export of managers to lead many large American corporations. By the mid-1970s Geneen was perceived by many as one of the great managers of his time (the Michelangelo of Management). If anything, this was a modernist highpoint of the good manager being deemed able to run anything (Walsh, 1991). Geneen achieved this in no small way by applying accounting principes learned in the classroom to the governance of corporate conglomerates.

This raises the worrisome issue of the role of accounting knowledge for, as earlier versions of this paper elaborated (Macintosh and Hopper, 1991), the prescriptions of popular management accounting textbooks also contain overtones of Foucault's disciplinary power. Foucault's contribution is to expose how major sources of power reside in the mundane minutia of everyday taken-for-granted organizational life. Accounting textbooks may be idealised caricatures of organizational practices, as case study research has increasingly revealed, but they are not without empirical foundation and they help shape reality, as the ITT case confirms.

Management accounting's origins and relationship to knowledge are hazy to say the

least, yet it has increasingly permeated broad sectors of society. This phenomena, i.e. how accounting came to create an aura of truth for itself, is of essential import. Through Foucauldian analyses, as described earlier, Hoskin and Macve have traced it back to West Point and the examination system and Miller and O'Leary to the Efficiency Movements in the U.S.A. at the turn of the century. These searches for origins receive some credence in the empirics of ITT. For example, Geneen acknowledges the import of examinations in his education upon his systems of management:

> 'upon reflection, I can see that it probably goes back to my days as as a student at Suffield Academy. I worked conscientiously because I liked to get good marks and it bothered me if I got bad ones . . . So at ITT I instinctively sought to install something of the same in the company' (Geneen, 1984*b*, p. 134).

These early educational influences were reinforced by his accounting experiences and training. Courses at Harvard Business School and New York University impressed upon him the role management accounting methods pioneered at General Motors played in making large and diverse corporations governable (Sobel, 1982).

Although Geneen himself was not militarily trained, many of ITT's senior managers from its inception were. An ex-major general, Harrison, effectively succeeded ITT's founder, Colonel Behn (a military reservist), and instituted tighter financial controls in ITT. Upon Harrison's death, Leavey, a former general and West Point colleague of Eisenhower, assumed the Presidency of ITT. Leavey demanded frequent and detailed reports and tightened financial controls thereby imposing a new form of discipline on managing directors (Sobel, 1982). Geneen was recruited to extend these financial policies. Geneen's short-lived successor, Hamilton, saw military service as a mere midshipman followed by an extensive governmental career. He was followed by Askarog, a West Point graduate (class rank 126th of 512). Askarog retained the ITT tradition of financial engineering and control through accounting, albeit in a more constricted delegated form. *Prima facie,* the history of ITT provides evidence for the Foucauldian-inspired accounts, especially those of Hoskin and Macve (1986, 1988), of management accounting's origins in the examinatory system and American military academies, especially the West Point connection.

However, not all the empirics fitted neatly into Foucault's model of analysis. Foucauldian analysis, if it is to provide a basis for full theorization, may need extension and refinement. This was apparent in three respects. First, whilst accounting controls in ITT effected a disciplinary gaze upon management, their features did not exactly mirror the principles of discipline and control detailed by Foucault. Moreover, accounting controls evolved and changed in ITT over time: accounting was not always the principle mode of control and it did not take a single form. If accounting is an expression of modernity then Foucault's bi-polar turning point for change of pre- and post-modernity cannot explicate subtle shifts in the means of control within ITT. Second, whilst Foucauldian analysis picked up the significance of discourse and disciplinary power, it failed to encompass other important factors affecting modes of control within ITT, especially financial markets, corporate relations with states and technologies. Third, panoptical control is not absolute, resistance within and without ITT helped shape its transformation.

Management accounting in ITT post-Behn was abstract, indirect, written and controlled through aggregated outputs, whereas the panoptical gaze is physical, direct and seeks to control immediate behaviour. Management accounting and associated

controls in ITT under Geneen were a technologically more sophisticated adaptation rather than an isomorphism of the principles of surveillance outlined by Foucault, though it must be pointed out that the accounting controls needed supplementing by direct and visual interogatory processes of accountability meetings. Such accounting may be an expression of power-knowledge in modernity, but ITT's initial growth under Colonel Behn, who eschewed detailed internal controls and instead relied on diplomacy with client governments (Sobel, 1982), is a reminder that non-panoptical controls also exist in this period. These shifts in types of control in ITT were not restricted to the time of Geneen's accession: post-Geneen, ITT recognized major deficiencies in its systems and modified them, including shorter accountability meetings, reduced headquarters staff, an emphasis on high-tech research and development, and divestment (e.g. Thackray, 1981; Colvin, 1982; Business Week, 1984; Brody, 1985; Stevens, 1985). Yet significantly the dual reporting system for comptrollers remained intact (Alleman, 1985). The central point is that controls in ITT never exactly corresponded to a panoptical gaze, nor were they constant over time. The explanation of changes in organizational controls requires a richer extended framework than that utilized in *Discipline and Punish*. As Foucault explicitly stated that his text concentrated on but one of several mechanisms of power in modernity and he never claimed his models exactly correspond to actuality, our observations may be unexpected. Nevertheless, they do call for further development of Foucault's work. As Foucauldian accounting research has rarely ventured beyond the 1920s, opportunities to extend and refine Foucault's ideas according to the empirics of today's large and powerful corporations have been neglected.

Whilst Foucault explicitly accepted that materialist factors could shape disciplinary controls (detailed previously), he did not explicitly explore how this occurred in *Discipline and Punish*. Consequently, it is not surprising that this research found Foucault's methods neglected how external factors bore on controls, especially financial markets, government bodies and nation states. Economic factors did shape events at ITT. Geneen never regarded himself as a free agent but rather saw himself as a willing servant of stock markets: 'In the back of my mind . . . was the bottom line that I was fashioning for the goal of ITT . . . it was the end to which all my efforts would be directed . . . without reservation (Geneen, 1984*b*, p. 43). The multitudinous articles on ITT and the interviews with Geneen in business magazines such as Fortune and Business Week reveal a continual and shared emphasis on stock market performance. Geneen's concerns were well founded, for stock market pressures were paramount in precipitating key changes in senior management personnel and policies, including the demise of Behn and Geneen's own rise and fall (Sobel, 1982).

ITT's activities were not mediated exclusively by markets: its products in armaments and telecommunications called for relations with states best oiled by senior personnel with military and governmental experience. Colonel Behn, who created the initial growth of ITT through providing telephone systems to countries outside the U.S.A., abhored detailed internal structures of accountability. Instead he concentrated his efforts in personal negotiations with leaders of client states and developing their trust. His relations with ITT's managers were fashioned similarly (Sobel, 1982). The subsequent infusion of senior managers into ITT from the military may owe more to their ability to mediate corporate-state relationships rather than their possession of superior administrative abilities (Burns, 1974). Their infusion of management accounting may have been a by-product of armed service values rather any imperatives of organizational design. This does not refute Foucault's thesis of power-knowledge—

rather it calls for its enrichment through a deeper incorporation of the effects of corporate/state relationships as commenced by Loft (1986).

Geneen's methods may have been awesome and encompassing, but points of resistance within and without ITT did occur. For example, European managers, many of whom were unsympathetic to Geneen's strategies and methods, utilized Geneen's visiting accolytes' devotion to timetables to their advantage by deferring discussion of key topics until shortly before their visitors' return flight times. More importantly, the series of Federal investigations into ITT's involvement with the overthrow of the Allende government in Chile, antitrust investigations, and the 'San Diego Affair' concerning ITT's financial involvement with a Republican Party convention, were all fuelled partly by a series of internal leaks from ITT (Sampson, 1974; Sobel, 1982). The resultant political pressures contributed significantly to Geneen's demise. The essential point is that ITT was unable to totally control its subjects and their resistance played a crucial role in delimiting ITT's actions. Moreover, states and consumer groups such as Nader's were not passive and compliant. The role of these events is crucial to any understanding of transformation within ITT.

Foucauldians compete with transaction cost theory and labour process approaches for an explanation of accounting change. The latter would both argue that in their different ways they incorporate economic and social factors in a superior fashion to Foucauldian research. However, as is discussed below, the empirics of ITT raises as many questions for their approaches as it does for Foucauldian ones.

The Chandlerian/transaction cost approach to management accounting history attributes the rise of accounting controls in organizations to their superior efficiency in coordinating activities *vis-à-vis* market transactions (Johnson and Kaplan, 1987). The underpinnings of this approach are intertwined with influences upon Geneen's ideas including Sloan's accounting innovations and Harvard Business School course material. Moreover, it reconciles his potentially conflicting beliefs in market imperatives and the unique efficiency of his management techniques.

However, such an explanation does not neatly accord with the empirics of ITT. For example, it is not clear that Geneen's methods added to the financial performance of ITT. Despite Geneen's rhetoric that his methods would financially transform any company, the companies he acquired for ITT had a weighted growth rate in profits similar to the companies he inherited. It is argued that ITT's overall financial growth rate under Geneen would have been similar had it concentrated upon its original businesses and not engaged in widespread acquisitions. Moreover, Geneen bought companies which turned out to be spectacular failures. Much of the increase in profits during Geneen's time came from European operations despite Geneen's attempts to diversify within the U.S.A. (Loomis, 1972; Sobel, 1982). Post-Geneen, ITT hit major financial crises which led to major divestments and vilification of Geneen by his successors (Briggs, 1982; Colvin, 1982; Brody, 1985, 1986; Hill, 1985). Whilst markets helped precipitate accounting change in ITT, it is not conclusive that these techniques increased stock market returns or increased the efficiency of all parts of the business (Loomis, 1975, 1979). The financial superiority of Geneen's methods is unproven and problematical. In addition, relationships with states, not mediated by normal market forces, were a critical factor in ITT's development. If the economic imperatives claimed by transaction cost theory are not well supported empirically, then it is open to accusations of being a pseudo-scientific mode of theorizing which retrospectively translates events in line with managerialist beliefs: such knowledge was the very object of Foucault's scorn.

Labour process approaches work somewhat better. Hopper and Armstrong (1991) argue that management accounting in large U.S.A. corporations was a consequence of the labour-capital accord that emerged from the 1930s, involving corporations, unionized labour and the state. The emergence of large corporations, high industrial concentration and Fordist production from the early part of this century were consequences of merger activities to address financial crisises and the abandonment of internal control through craft workers and subcontractors. The resultant vacuum in control, initially unsuccessfully filled by foremen, came to be filled by a large and growing managerial cadre to administer bureaucratic planning and control systems. Management accounting was important not only for planning and controlling operations, but also for controlling the new class of managers themselves (Hopper, 1990). The breakdown of the accord in the 1970s, marked by declining corporate profitability and social and industrial conflict, began to wreak changes in management accounting systems resonant with post-Fordist themes (Hopper, 1993).

The chronology of events in ITT are reasonably consistent with this account. ITT emerged early in this century with few formal management accounting controls but in the 1950s, due to increasing size and complexity, it imitated and then refined the management accounting methods pioneered by large corporations such as General Motors and DuPont. A strength of this political economy approach is that it explains accounting change and discontinuity in a manner that recognizes the interdependence between accounting and other controls in the context of state actions and markets, though without subscribing to the linear efficiency imperative of transaction cost theory—all pertinent issues in our study of ITT.

However, no material gathered on ITT directly connected changes in its accounting systems to changes in labour processes at the point of production and attendant labour conflicts. Rather it revealed a continual concern by ITT in controlling managers. Whether this is a consequence of the secondary sources used, which were mainly managerial, financial and strategic, or because it was not a significant factor requires further study. This is critical to any judgement of labour process theory *vis-à-vis* Foucauldian approaches as labour process theory ultimately rests upon conflicts in production relations as a motor of change. Foucauldian theory on the other hand is suspicious of any generalization from a meta-narrative. Whatever, labour process research to date, in the context of this Foucauldian study, appears neglectful of management as a distinct phenomena and the emergence of managerial knowledge and how it provides managers with a self-conception of their mission.

8. Epilogue

We want to conclude by coming back to Geneen the person and his story. When Geneen took on the CEO post at ITT in 1959 he inherited a loosely managed but profitable company which was little more than a New York-based holding company investing in plants and operations around the world and hoping for the best. Most of its earnings came from outside the U.S.A. in countries deemed by Geneen to be politically unstable (Sobel, 1982). In a decade, with Geneen at the helm, ITT had been transformed into a profitable and growing conglomerate operating globally with a wide variety of unrelated products. ITT's profits grew from $30 m in 1961 to over $406 m in 1971 coming equally from internal operations and outside acquisitions. By 1971, ITT ranked twelth in the Fortune 500 list of industrial enterprises.

The 1960s was the decade of the conglomerate. Large single-industry, nationally-based firms realised that fast growth was impeded by government anti-combines actions and the slow but steady growth in their generic industry. Early movers, particularly those with high price-to-earnings ratios, could build spectacular growth records in profits and earnings per share by acquiring low price:earnings companies in exchange for cash and shares of the acquiring company. It is not surprising then, given Geneen's accounting wisdom and skill, his experience with sorting out the Atlas Corporation, his background in getting acquired companies up and running and divesting segments with unlikely prospects, and his abilities to arrange financing, that ITT was one of the most active conglomeratizers during this decade, not only in the U.S.A., but internationally.

The important upshot of these events, and this is perhaps Geneen's most remarkable but unnoticed achievement, is that he invented (or at least stumbled upon) and put into place a new social institution—the widely diversified, huge global conglomerate. Geneen demonstrated that management accounting systems could discipline and control giant corporations of immense dimension and power. While today these controls are enhanced by advances in electronics and computers, and are more elaborate, elegant and subtle, the basics were assembled by the 'Geneen machine'. A mere two decades later, as Lowe's (1992) expose of the world's 25 largest meganationals reveals, this new form of corporate organization has resulted in a 'brave new world of corporate might' in which many of these corporations are larger and more influential than most of the countries in which they operate. Moreover, according to Lowe, they all but rule the world.

It is all the more remarkable in the face of these eventualities that Geneen was a very ordinary and unremarkable person albeit affable and possessing a very quick mind. Sampson, on first meeting him at an ITT barbecue, described him as a small, non-descript owlish figure in a dark suit—unpretentious and not very interesting. He had 'no commanding presence, no high living, no cosmopolitan panache, no anecdotes about his exploits. He looked, as he was, a master accountant' (Sampson, 1974, p. 67). He remained close to his divorced mother until her death, married twice, had no children, no serious hobbies, nor any real interest in the arts. Although determinedly unsnobbish, he treated his top underlings 'like a schoolmaster at the end of term pretending to be one of the boys, but fooling none of them' (Sampson, 1974, p. 15). He seemed only interested in taking on the persona of süper accountant, compulsively out to make a bigger and more efficient organization by putting accounting to work at ITT.

Geneen did not see himself first and foremost as a capitalist (or as an unwilling dupe of the capitalist system), but as a manager. He believed fervently in the virtues of managing. In his own words, 'MANAGEMENT must manage! Management MUST manage! Management must MANAGE! It is a very simple credo, probably the closest thing to the secret of success in business. The strange thing is that everybody knows it, but somehow managers forget it all the time'. (Geneen, 1984*b*, p. 78). For Geneen this meant the arduous, lonely and tedious process of management by the numbers.

As his description reveals, Geneen was a highly disciplined person who in a Foucauldian understanding fits well into the category of a 'disciplined-disciplinarian'. His reflections in his final chapter attributes his motives in part to a belief in American pre-eminence in the global milieu of big business which he saw slipping away, not because of labour or foreign competition, but rather as a consequence of the flabbiness and lack of guts by top management of American enterprises. Much of this is resonant of the themes of Miller and O'Leary who trace the rise of costing to American

Efficiency Movements much earlier in the century.

However, Geneen was not a wholly docile and obedient body. He recognized full well the personal sacrifices necessary to *real* managing. He tells of the necessity to devote one's life to succeed in achieving superior results; to the willingness to work long, late hours foregoing most of one's social life; to the need to make huge personal sacrifices; to the perspicacity to sit at one's desk when all the others are gone, doing the nitty-gritty drudgery of going over the reports and figures until they make sense; and to the dedication of giving up any serious commitment to sports, hobbies and fancy country clubs. However, as Geneen recognizes, the resolution was his:

> 'I faced that choice at the end of every normal working day at ITT. Perhaps with a sigh, I would call home and say I'd be working late. I'd take off my suit jacket, loosen my tie, put on an old black sweater and settle in to do my homework. Dinner would be sent in, to be eaten at a small table in my office. My wife would not expect me home until 11.30, or perhaps later. This was my time to work on all those reports until the figures and words blurred. This was my time to think and to reflect and to make decisions. There were occasions when I wondered whether or not I was overdoing it. But I always concluded that there was not substitute for it. I have never met a man who was a true leader, and not a captive of his environment, who did not do his homework, whatever the cost. There really was no other way'. (Geneen, 1984*b*, pp. 284–285).

The engima is whether Geneen had agency. Returning to the earlier concerns of Moore (1991) and Neimark (1990), despite Foucault's pessimism on the prospects for improvement, the authors believe the aim of the researcher is to help open up the possibility of alternatives. As this paper illustrates, Foucault's revelation of the disciplinary, punitive, carceral nature of Modernity's life world was neither inaccurate nor inappropriate. However, on its own it was inadequate for fully capturing the rich dynamics of management and management accounting control systems. This gestures, in our view, towards a more eclectic and pluralistic attitude by management accounting researchers to theory and the need for scepticism towards those seeking to give any meta-narrative or metaphor a privileged position. Who knows, perhaps such an endeavour will pave the way—to return to our opening epigraph—for a new social order where institutions such as hospitals, barracks, schools, factories and industrial enterprises no longer resemble prisons.

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