Management, Utopian Thinking and Accountancy: the French Case of the Entrepreneur Godin

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Abstract

This research is carried out in a broad framework which aims to link three main aspects of management: ideals (understood as the ideal organization), discourses and accounting tools. This article aims to show: i) how a way of thinking in a particular context influences accountancy; ii) how both are linked through management discourses.

I support the idea that accounting tools are not technical and presupposed neutral objects; they are also a means of building social and economic relations between stakeholders inside and outside a company.

This idea is demonstrated through the following case study which is based on the one hand on an analysis of the literature of socialist and utopian thinkers influenced by the ideas of the leading French thinker Saint-Simon, and, on the other hand, on an analysis of the literature of the French entrepreneur Godin. The interest of such research relies on the fact that these thinkers and entrepreneurs were against the tide. So, they had to argue their ideas and practices to defend their point of view and spread it in a hostile environment. This topic offers an excellent research field to show how it is possible to debate the issue of the three previous main aspects of management.

First, I will expose the theoretical framework of my research and I will explain how such a case study can be useful to understand the relationship that can be elaborated between ideals and management techniques. Second, I will give an overview of the influence socialist and utopian thinkers had during the 19th century. Third, I will present the fields where Godin’s management applied. Finally, I will specifically display accurately what such an approach of management implies in terms of accountability.

Key-words: Godin – Fourier – Saint-Simon – Utopia – Management – Accounting tools.

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Introduction

Godin firm was quite well-known in France by our grandparents for the quality of its stoves. It has recently renewed and made younger its range of products. On the other hand, very few people know that Jean-Baptiste-André Godin (1817-1888) was one of the entrepreneurs of his time the most in advance in the reflection about the role of the firm in the society; he also was the one who thought that firms had not only the duty to make money – Godin became very rich – but also had a social assignment toward their employees.

Godin developed his thinking in a hostile environment – one of the reason he embedded one of his factory in Belgium is that he thought a moment that he would have to ban himself from France. His ideas were against the tide and he had to face not only the political power and the other entrepreneurs, but also some of the workers and more generally, all the right-thinking powers in place (administration, local elected representatives, church representatives, etc.).

Therefore, Godin had to fight to impose his ideas, and after he had attempted to fund different social projects, he decided to build his own one. Beside this social and entrepreneurial experience, he was also a local and national representative. That was a way for him to spread his ideas at different levels of the society. He left various types of writings (books, personal letters where he developed his ideas, entrepreneurial archives).

This particular place in the French entrepreneurial landscape makes that Godin experience fits especially well with my project of research which is to compare, in an organization, its ideal part with its daily and routine part which is often expressed
through quantitative management techniques – which could also be named here ‘accounting tools’. The purpose is then to understand how managers-founders reach to accommodate one to the other and which part of their rationality or affection predominate\(^1\) (loyalty to the principles of what should be the ideal organization, place given to the accounting tools in the decision-making, part of pragmatism when they face the routine).

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1. Theorical framework of the research

To think about management implies to discuss the question of power struggle inside the organization, and, more precisely to study how this power is practiced and to which finalities – or ideals – it aims to in every day life. As stated by Jouvenel in 1945, “Social cohesion relies on the ability of Power to detail rules for every function. And as habits or mores, inside regulation of behaviours does not rely on a spontaneous compliance and then needs repression”. Repression can be practiced in a totalitarian

\(^1\) The purpose is not to build a psycho-sociological picture of managers but only to acknowledge that rationality is not the main element in the decision making and then, to try to look for which other elements intervene in it.
society through physical violence or the fear of its use; or, more commonly in a wide and opened society, through social and organizational pressures. This latter expression is the one I will hold in this research.

On a practical, elementary and daily point of view, management techniques and, more precisely, accounting tools (Bryer, 2000:6)\(^1\) are the way to express the management’s expectations and a means of standardising the methods and the behaviour of employees in order to produce a reliable and homogeneous information for decision making. This approach can be viewed as too normative because it does not consider the ability of employees to make their own judgment.

Therefore, another element has to be taken into account. This is the subjectivity of people involved in the organization and who react with their affects, their hopes or, more commonly used in management, with their bounded rationality. This is a way to admit that “any society, even ours, have a part of rationality and a part of mythology” (Morin, 2006). Therefore, beside the use of decision making, accounting tools, and more precisely their incompleteness, their discrepancy or their insufficiency are of a great help to understand the representation that managers have of the ideal organization and to what kind of resistance they have to face. That means that real organizations do not properly represent what their managers would like them to be. There is a constant tension between these two “worlds” – the ideal organization vs the real organization – which needs to be adjusted.

The hypothesis used in this theoretical framework is that ideals which run any organization can never be totally formalized into the management procedures; “there is

\(^1\) Accounting tools have to be understood not only in relation with financial data but also with any data which is able to be translated into figures. Therefore, accounting tools cover all the fields of management: financial accounting, cost calculation, human resources, etc.
no pure reason, but a continuing dialogic between rationality and emotion” (Morin, 2006). The objective is then to identify this roundtrip between these two aspects of human behaviour into the organization.

To measure the relevance of accounting tools implies that the researcher is able to analyze their numerous articulation and understand their operational scope by checking their technical consistency. This technical skill is the starting point of such a research but also its originality. It should drive to a microscopic reading of a socio-organizational phenomenon and should help to understand the routine pressure that bears upon people. It should also be useful to identify the daily trend of the strategic orientation of the organization.

On the other hand are the ideals of the managers. The general stumbling block is that they are seldom explicitly made public; they are not the purpose of the organization but only what managers want it to become. Nevertheless, they need to be identified from a certain number of facts. This point leads to the third element, so called the discourses.

Discourse is the articulation between accounting tools and ideals; it is the main channel of their respective expression. It gives the opportunity to management to impart to employees its representation of the ideal organization when it refers to general rules to be applied in order to settle technical and organizational matters. It has a double function:

(i). to convince employees of the legitimacy of the management’s decisions and also of its will to change accounting tools. This part of the discourse is turned towards the ideal part of the organization and makes reference to cultural and supposed shared values between the members. Discourse has then a rhetorical function.

In a broader sense, accounting tools here refer to the way Garfinkel (1967) defines the notion of accountability: the way we imagine the world is not given once for ever but is built through our practical
(ii). to give instructions to employees in order for them to be able to apply the more efficiently they can the management’s decisions. This part of the discourse is very practical, precise, rational and more direct. It has an instructive, a practical and an operational dimension and seeks to explain the one-best-way.

These two different kinds of discourses are coming from the management. In historical researches, it is generally very difficult to find in archives employee’ answers which directly reply to these two aspects of discourses; mainly, the first aspect, related to the ideal organization, is avoided. And I assume that answers given to the second aspect, the technical one, are in fact a way to reply to both levels of discourses. This hypothesis is based on the fact that sociological researches in organizations have shown that employees are always able to find a way to escape from duties that they do not identify as being legitimate (Crozier & Friedberg, 1977); in other words, replying about technical difficulties is also a way to contest the legitimacy of the path towards the ideal organization that management wants to embedded.

This theoretical framework aims to be an intellectual tool to link rationality [the technique] and the emotional [the ideals], the micro [every day management decision] and the macro [the idealistic representation of the organization], the process [the tools] and the organization [the institution]. It is built in a critical perspective in the sense that management tools are usually understood in the way of their efficiency; they here are studied as a means of building the idealistic representation of the organization in its every day life. In other words, the researcher has to understand the context of implementation of management tools: their technical scope, the level of details, the way they are laid out, their constancy or degree of regeneration, the freedom to implement them or not are all clues to get the picture of what kind of organization managers want
to set up. Accounting tools also show what kind of personal representation managers have of the idealistic organization.

2. Overview of the utopian thinkers interested in a new social order

The common point to utopian thinkers is that they dreamed of an ideal world, made of their own pieces, and built out of history. Their purpose was to change the people’s standards of living and way of life. They did not build any revolutionary theory – they were against violence – but thought that they would be able to change the social system if they were able to understand it. Some of them wanted to set up real examples and they imagined that the success of these attempts would spread around the world.

Before touching on Godin, I want to present two of the most famous French utopian thinkers. My choice fared on Saint-Simon and Fourier for two reasons. First, because it is possible to set up a genealogy of thinking between Saint-Simon, Fourier and Godin; the first one influenced all the other utopian thinkers; the second directly inspired Godin. Second, because a part of Saint-Simon and Fourier thinking was dedicated to improve social organizations; the difference between them is that Saint-Simon had a macro point of view whereas Fourier focused on micro-organizations.

The following reports concentrate only on the part of the thinking dedicated to organizations. Their thinking was much broader and often dealt with spiritualism – even for Godin. They had a holistic approach of social problems and wanted to solve them as a whole.
Saint-Simon ideas and their consequences in terms of economic and social macro-organization

It is usually admitted that the French thinker Saint-Simon (1760-1825) is one of the main founders of a new way of thinking social and economic relations in France at the beginning of the XIXth century. After a stay of 4 years in the army abroad, he came back to France and was imprisoned for a year during the Terror (1793-94). He became strongly opposed to any kind of revolutionary violence after this experience. After his release, he successfully speculated in confiscated properties and got a large fortune. He began to entertain salons where intellectuals and government leaders used to meet. In 1802, he began to write about reforms in the French society and about the reorganization of Europe. His ideas focused on the fact that a minority of lazybones \(\text{oisifs}\) took advantage of a majority of workers. This argument was after adopted by the socialist propaganda of the second half of the 19\(^{th}\) century. The minority, also called owner-rent-rollers \(\text{propriétaire-rentier}\), hornets \(\text{frelons}\), or Nation-leeches \(\text{sangsues de la Nation}\) was made of land-owners, militaries, judges or priests; it was considered as a no-producer. The modernity of Saint-Simon’s speech probably relied on this element; he was able to point out that very few people, because of their social position, were able to take advantage of the present situation; but, in the same time, they were able to keep the industrial class – also called bees or producers – away from developing their own economic and industrial talents. This latter included “twenty-fourth over twenty-fifth” of the Nation and was compounded indifferently of owners-managers, craftsmen or employees of all branches of the economy. Saint-Simon wanted to reform the system in order to make a new government based on three different parts: industrialists – Saint-Simon created the noun – would have been in charge of running
France; savants had to demonstrate what social science was; and artists had to propagate and had to show the benefits of the doctrine. The purpose was more to produce than to govern. This way of thinking was particularly revolutionary because the economic success was not founded on the social position but on the ability to take one’s chance.

The publications of Saint-Simon (the journals *Le Producteur, L’organisateur*) had a very short audience. His disciples had nevertheless a larger public. The exhibition of Saint-Simon’s Doctrine (1829-30) became a turning point in the history of Saint-Simon’s movement. Various conferences took place in the non-religious convent of Ménilmontant and often was defended the idea of a general and public funding system in order to coordinate and support all economic activities. Two years later, this non-religious convent was convinced and the daily newspaper *Globe* had to disappear because of financial difficulties. At the beginning of 1830’s, the Saint-Simon’s movement did not have any more public militant existence. In the same time, Saint-Simon’s ideas had spread around in the upper economic class: many influent students of the prestigious *Polytechnique* – a kind of University of engineers – had followed the conferences; they involved themselves and they developed capitalist structures in different economic fields. For instance, the development of credit banks, railway or water networks was due to people – like the Pereire, Chevalier, Arlès-Dufour, Talabot, etc. – very sensible to Saint-Simon’s ideas. Furthermore, some main international realizations, such as the Suez Canal (1854-69), the League of Nations (1919-20), of the late 19th century or earlier 20th century were born in the mind of Saint-Simon thinkers.
Charles Fourier and his influence in terms of economic and social micro-organization

Marx and Engels saw Charles Fourier (1772-1837) as one of the founder of the critical and utopia socialism. He was mostly famous for his invention of the Phalanstère which inspired Godin for his Familistère. Charles Fourier took an education in trading of tissues and silks. After a trip to North of Europe in order to complete his education, he came back to Lyon and began to observe the living conditions of silk workers who were in a deep poverty. At a time, Fourier was also in touch with different Saint-Simon groups. In 1808, he began his reflection about a community society that he described in his book Theory of the four movements and of the general fates (Théorie des quatre mouvements et des destinées générales). In 1822, he published his textbook about agricultural and domestic association (Traité de l’association domestique agricole) which knew a large success. At the same time, he began a correspondence with Robert Owen. In 1829, was published a summary of his thought in The new industrial and members’ world (Le nouveau monde industriel et sociétaire). All of his thinking was based on the idea that many of our actions are due to impulsion and are not founded on any reflection. He called this central point the fiend attraction (l’attraction passionnée). Fourier thought that passions and wishful wishes had to be expressed in order to build a new society based on harmony – he can be seen as the contrary of Sade which thought that desire was leading to violence. In Fourier’s analysis, economic production took a second range and he used to consider that the capitalist society where he was living was the previous stage before the Harmony. Violence in the society was due to a wrong division of wealth and to a too hard economic competition.
According to Fourier, the *fiend attraction* seeks for three goals: luxury and sensual pleasure, affection into the group and drive towards the universal unity. The *fiend affection* is analysed and decompounded into twelve different passions. Everybody can be analysed through this device. Thanks to it, Fourier claimed to be able to find the means to build a social harmony. In other words, the perfect society did not depend on a class struggle but on the ability to make a mathematical calculation of the *fiend affection* of everyone.

Fourier was only a theoretician but he thought how to put into practice his social harmony; he wrote in details how 400 families (about 1 600 members) should live in a *Phalanstère*¹ where everything for the everyday life was foreseen: heated dwellings, nice rooms, specialized wards (large refectories, Opera, Stock Exchange, kitchen …). The main building was of a length of 1 200 meters and the pedestrian traffic was facilitated through covered galleries. All the members were owners; co-management was the principle. The economic resources of the members were function of their rank in the *Phalanstère*: the profits were firstly divided into the different groups; then, each amount was shared between the members. The rank relied on different criteria applied inside three different rates: necessity, usefulness and pleasantness. The economic value of products was then less important than their ability to provoke the desire and to build the harmonization in the *Phalanstère*. This idea of a profit-sharing was tried by Godin in his *Familistère*.

His ideas inspired different bids of creation of *Phalanstères*. The first one was founded in Condé-sur-Vesgne in 1833 by Nicolas Ledoux²; another was created in Cîteaux in...
1841. Attempts also took place in French colonies such as Algeria. Abroad, some experiences took place in Romania or in Brazil; in United-States, forty phalanstères were developed in the 1850’s. With the exception of Godin’s Familistère which lasted till 1968 – the company still exists –, all these attempts were unsuccessful and never lasted long.

Beside his writings, Fourier founded in the earlier 1810 the Member’s school (l’Ecole sociétaire) in order to spread around his teachings. The group of followers, about a few ten or so at the end of the Restauration (1814-30), increased during the Monarchie de Juillet (1830-48) and several ex-disciples of Saint-Simon joined it. Since 1832, his school published the revue Phalanstère; since 1836, his closer follower, Victor Considérant, founded La Phalange.

More generally, many of Charles Fourier ideas were in advance on his time; he defended the necessity of Kinden garden; he fought for the equality between men and women; he thought about improving work organization; etc. It is probably for these reasons that his thinking always stirred the attention of people who were interested in analyzing or changing social links.

3. Godin and his management

Godin was not a theoretician but was a pragmatic man convinced of the importance of social relations inside organizations and inside the society. He was firstly a manufacturer and then, on the contrary of Saint-Simon or Fourier, had to deal with the reality of business and economic binds.

utopian. His greatest works were funded by the French monarchy and came to be perceived as symbols of the Ancien Régime rather than Utopia. The French Revolution hampered his career; much of his work
He has always been a successful businessman but also made important realizations which were inspired by utopian thinkers. In other words, his practical realizations were inseparable from his reflection. Nevertheless, for a better understanding, I will first introduce a short biography; second, I will show the strong expansion of the firm Godin-Lemaire; third, I will set out Godin’s thinking of the ideal organization and how he tried to put in practice; fourth, I will bring forward one of his attempt which failed and I will try to show the tension which existed between the ideals and the reality.

**Godin: a short biography**

Godin (1817-1882) was born in a poor family in Esquéheries, a city located in the North of France, close to Guise where he built the *Familistère*. He was the eldest of three children. Despite of his will, he had to quit school at eleven to join the locksmith’s shop of his father. He bought books with his pocket money and began to read the philosophers of the “siècle des lumières” (18th Century). After his tour of France (1835-37) as a “compagnon du devoir”¹, he came back to the smithy work and replaced sheet iron by cast-iron to manufacture coal-fired stoves. The success was immediate. In 1840, he established his first work-shop with two hand-workers. The same year, he got married with Esther Lemaire² from which he parted from 1862 because of Godin’s attempt to build a “Social Palace” (see below)¹.

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¹ This period was a key-experience for Godin because he had the opportunity to see on a close way the living conditions of workers in different part of France. He attended different meetings and got familiar with saint-simon underworld and ideas. A “compagnon du devoir” or a “compagnon du Tour de France” are members of a French organization of craftsmen and artisans dating from the Middle Ages, but still active today. Their traditional technical education includes taking a tour, the *Tour de France* from the name, around France and being the apprentice of several competent masters. *Tour de France* simply refers to the fact that they are taking a tour around France (extracted from [http://en.wikipedia.org/wiki/Compagnons_du_Tour_de_France](http://en.wikipedia.org/wiki/Compagnons_du_Tour_de_France)).

² Esther Lemaire and Jean-Baptiste André Godin had a son, Emile. Different pieces of mail show that the father had first a great confidence in his son and wanted to involve him in the functioning of the factory.
From 1842, Godin discovered Fourier’s thinking in a local journal: the principle of an association between labour and capital became a root element in his reflection; two years later, he went to Paris in order to consult the maps and estimate the value of the building of a *Phalanstère*. In 1846, he was back in Guise and founded the company Godin-Lemaire with 32 workers. In 1848, he was on behalf of the Revolution because he thought that it would bring changes in social and economic relations and thought that would be the opportunity to try in a larger scale the socialist ideas. He failed at the deputation as a Republican and *phalansterian* candidate – he became deputy for five years in 1871. In 1853, he sent a memoir to Fourier’s “*École sociétaire*” in order to explain how to heat a *Phalanstère*; at the same time, he sponsored up to one third of his fortune (100 000 francs) the expedition of Victor Considérant – a close relation to Fourier – to Texas where this latter failed to build a *Phalanstère*. One year later, he founded a second factory in Laeken, close to Bruxelles (Belgium). From 1859 to 1870, he spent most of his time to build his “*Palais social*” (social palace) in order to experiment Fourier’s ideas in a frame which took in account his own experience of entrepreneur. He built different buildings where families could live and could work in the factory next to housing. Progressively, he added a kindergarten, a theatre, a laundry, a school, game yards, grocery stores, … From 1876, he decided to associate Labour and Capital so that workers benefited from the profits made by the Godin-Lemaire Company. He explained in details the reasons and the functioning of the *Familistère*

Nevertheless, especially because Godin was opposed to any kind of inheritance (*Solutions sociales*, p. 627), this latter cut himself from his son in 1878.

1 J.B.-A. Godin lived with his niece Marie Moret from the 1860’s and got married with her in 1886. This latter had taken a large stead in the functioning of the Familistère and in the defense of the memory of Godin after his death. She especially was in charge of the childhood education with forefront methods. She had also different administrative functions in the life of the *Familistère*. 
and of the Association in his book Solutions sociales in 1871 where a large part is dedicated to architecture

The same year, Godin founded the revue ‘Le devoir” (The duty) in order to spread socialist ideas and realizations. In 1882, he received two important distinctions: the “Croix de Chevalier de la Légion d’Honneur” and the “Palmes académiques”.

**Godin’s enterprise: an economic success founded on a deep sense of innovation**

Godin was a successful entrepreneur. His main peculiarity was probably his ability to invent in different fields. He was a man with a holistic approach of life, and that state of mind explains why he did not only was an inventor in the techniques but also in the management.

According to the blurb of the Universal Exhibition of 1878 in Paris, Godin had registered 58 patents since 1840. Every new improvement was patented. Godin was not only interested in the technical performance but he also wanted to make objects that pleased to the public. At this date, he had already won 15 distinctions in different professional competitions.

For these reasons, Godin’s enterprise knew quite a steady growth (see statement 1 and chart 2 below). He started his first activity with a capital of 4 000 francs when he got married and left a fortune of 3 100 000 francs when he died whereas he had often invested in different kind of projects without the idea to draw back any profit of them.

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1 From 1865, he became one of the first shareholders, beside many entrepreneurs full of Saint-Simon ideas, of the “Ecole Spéciale d’Architecture”.

2 The purpose of the article is not to analyze how Godin-Lemaire Company succeeded to become a first-rank company. But chart 2b expresses the better this fact: the progress of capital, which was then equivalent to shareholders’ equity, shows that there is a constant enrichment of the company.
Statement 1: sales compared to plant equipment (1840-1856)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales stove sold</th>
<th>Total amount</th>
<th>Plant equipment value</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Qu.</td>
<td>% of growth</td>
<td>Francs</td>
</tr>
<tr>
<td>1840</td>
<td>72</td>
<td>-</td>
<td>4950</td>
</tr>
<tr>
<td>1841</td>
<td>180</td>
<td>150,00</td>
<td>12420</td>
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<tr>
<td>1842</td>
<td>247</td>
<td>37,22</td>
<td>17050</td>
</tr>
<tr>
<td>1843</td>
<td>296</td>
<td>19,84</td>
<td>20700</td>
</tr>
<tr>
<td>1844</td>
<td>421</td>
<td>42,23</td>
<td>unknown</td>
</tr>
<tr>
<td>1845</td>
<td>735</td>
<td>74,58</td>
<td>51690</td>
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<tr>
<td>1847</td>
<td>1400</td>
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<tr>
<td>1848</td>
<td>769</td>
<td>- 45,07</td>
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<td>1849</td>
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<td>59693</td>
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<tr>
<td>1850</td>
<td>3503</td>
<td>61,13</td>
<td>unknown</td>
</tr>
<tr>
<td>1851</td>
<td>4371</td>
<td>24,78</td>
<td>393436</td>
</tr>
<tr>
<td>1852</td>
<td>4830</td>
<td>10,50</td>
<td>323281</td>
</tr>
<tr>
<td>1853</td>
<td>7178</td>
<td>48,61</td>
<td>295116</td>
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<tr>
<td>1854</td>
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<tr>
<td>1856</td>
<td>12715</td>
<td>29,15</td>
<td>554424</td>
</tr>
</tbody>
</table>

According to a handwritten statement [Godin, IV (5) 6].

Comments. The vicious changes around the years 1848 were probably due to the 1848 Revolution. The sales in quantity failed of more than 45% whereas the sales in value increased of more than 55%. The next year, the situation was reversed. The reason was probably the following: sales in FF were coming from bookkeeping and were booked then at the date of the order even if the delivering occurred the following year whereas the quantities were calculated in relation to the real sales of the year.

The percentages for the years 1844 and 1851 are made by comparison with N-2 years.

This ability to undertake did not make him a man of figures. The archives show a man with many ideas but not very organized and, overall, without feeling the necessity to have a very precise follow-up of accounting. Accounting archives are very few – compared to others – and mainly made of different worksheets stated to answer a punctual question; they were not established with the idea to build a structured and well-organized system of control of the people and of the industrial activity. Godin was a kind of manager which had probably a very strong rising upon his human circle; furthermore, as shown in the correspondence between Godin and his management staff, the nature of the social project of the Familistère had the effect that his professional
closer relations were dedicated to him and to the success of the enterprise. Nevertheless, bookkeeping was properly held\(^1\); financial accounting was used not as a means of decision but as a way to keep an eye on the good health of the company (see for example the previous statement which compared the progress of sales with the progress of plant equipment). On the other hand, management accounting was used to prepare a decision about a new manufacturing process or a new investment; in this case, the calculation often went into the details of the costs and a comparison was made with market prices in order to know the operability of the project.

These accounting tools were then very common. If they were necessary to lead to the success, they do not give any indication about the particularities of Godin’s management thinking.

\(^1\) For instance, as it was common at this time, interest of capital was calculated at a rate of 6% and deducted of the profit of the period. Amortizations were also calculated at the end of each period. On the other hand, the presentation of the figures was not very clear and the reading is often difficult.
2a - Turnover: quantities and francs (1857-66)

Quantities

1857 1858 1859 1860 1861 1862 1863 1864 1865 1866

Francs

1857 1858 1859 1860 1861 1862 1863 1864 1865 1866

- 5 000 10 000 15 000 20 000 25 000 30 000 35 000 40 000 1 600 000 1 400 000 1 200 000 1 000 000 800 000 600 000 400 000 200 000

Quantity of products sold

Turnover

2b - Annual add up of different accounts (1856-66)

Francs

1856 1857 1858 1859 1860 1861 1862 1863 1864 1865 1866

- 500 000,00 1 000 000,00 1 500 000,00 2 000 000,00 2 500 000,00 3 000 000,00 3 500 000,00 4 000 000,00

Capital

Plant & equipment

Constructions

Capital invested in the Familistère

2c. Annual trend of different accounts (1856-66)

Francs

1856 1857 1858 1859 1860 1861 1862 1863 1864 1865 1866

- 200 000 400 000 600 000 800 000 1 000 000 1 200 000

Accounts payable

Bank

Accounts receivable
Ideal organization vs management techniques: the role of management thinking

This part is mainly based on the book *Solutions Sociales* that Godin published in 1871 and where he explained his experience\(^1\). As stated before, Godin was a pragmatic and wanted “not to engage the public with ideas that experience would have condemned, and [wanted] to keep up his attention only with truths where facts had enabled to pronounce a judgment that posterity could sanction” (p. 5). Therefore, Godin can be considered as a pragmatic thinker and that is probably why he did not feel very close to Saint-Simon to whom he reproached to be too general and not enough interested in “Social economy” (p. 53). Conversely, Godin had a great admiration for Fourier to whom he devoted up to 75 pages (chapter 8) to his thinking in his *Solutions Sociales*. Many ideas of this latter have been retaken by Godin\(^2\); first of all, Fourier’s catchword: “Capital, Labour and Talent” became the epigraph of his revue “Le devoir”. Second, the main themes of Fourier can be tracked down in Godin’s thinking: importance of architecture and urbanism, equality between men and women, need to give a good education, respect of children rights. Management themes were also borrowed to Fourier: the worker had also to be a partner (*sociétaire*) and the Association (between Capital, Labour and Talent) was considered as the central point of any working organization for two reasons. First, it could play the role of a bank; second, it was a means to give to Labour the first rank, before the Capital\(^3\). This element gives an argument to consider Godin as a socialist and utopian thinker; socialist, in a sense that

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\(^1\) Godin also had an important correspondence with people exterior to the *Familistère*. I did not study this latter. If the exact reference is not quoted, the page correspond to Godin ‘s book, *Solutions Sociales*.

\(^2\) Godin was very discreet about his critics to Fourier (p. 127, p. 142-3).

\(^3\) “Then, it is the reversed of the present economic world: it is not the Capital which makes the law to the Labour, it is the labour which tells to capital if this latter is useful or not, it is the Labour which makes the rates of the Capitals”.

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he never defended capitalism\textsuperscript{1}; and utopian, in a sense he was opposed to Marx’s scientific socialism which considered that only a revolution could change the social relations\textsuperscript{2}.

Therefore, Godin was an ardent defender of social democracy and individual freedom in each level of society\textsuperscript{3}. In his book, this idea was very rapidly argued on a philosophical basis (p. 32) but was developed as a pragmatic and efficient solution to the organisation of society and to the organisation of his Association:

“Till now, one has not enough taken into account the main function of organisation of material links in human acts. The simplest facts in appearance often have a significant influence on society, and instead of thinking of the repression of disorders, one single intelligent measure can be enough to prevent them and to regulate the impeded stream that should have produced them.

The democratic idea is therefore connected as much to social freedoms than to political freedoms. [...].

It is in this context that from 1840, instead of carrying out populous centres of poverty and demoralization, I involved myself in the study of the means to accommodate the developments and the progress of the great industry, with the progress of welfare among working classes, at the same time that their physical, intellectual and moral enhancing” (p. 42-3).

Godin developed a critical and social thinking based on observations he made while his tour of France and on his own experience of entrepreneur. He considered that wages were too low and inspired a new kind of feudality (p. 14, 15 & 39), that the allocation of profit between employer and employees was unfair. Beside this critical thinking, he also considered that wicked management was due to a lack of considerations for the working class (p. 16). After he had explained that a working day, outside of large cities\textsuperscript{4}, was

\begin{itemize}
\item \textsuperscript{1} Godin was against communism for different reasons he explained in Chapter 7.
\item \textsuperscript{2} Godin had always thought that only experiences could help to change social relations (p. 46). He was against any kind of violence and even against strikes.
\item \textsuperscript{3} “Is not that so by putting men under the influence of merit, knowledge, abilities, moral virtues and dedication that they will be able to say, to believe and to feel free, just because there will not be any more leadership and management that the ones they will have chosen, acquiesced and accepted” (p. 36-7).
\item \textsuperscript{4} In large cities, the working day was made of eleven hours and the cutting was a bit different.
\end{itemize}
made of twelve hours parsed into four quarters and three time-off periods, which many wage deductions existed\(^1\), he introduced a new management:

- Salaries were paid on the basis of the achieved piece. When this was not possible (maintenance, accounting …), labour was paid on the hour basis\(^2\).
- Instead of paying wages on a fortnightly or monthly basis to the whole of workers – which led to binge drinking –, salaries were paid on a rolling basis.
- Deductions were not kept by Godin but were poured to a community chest managed by the workers themselves. These ones elected a board in charge of the allocation of the funds.

Godin also introduced a quality control made by the workers themselves. He wanted to fight deliberate faults\(^3\), and for that reason, he always considered that it was necessary to have rules beside the sanctions. More generally, his system of management was based on meritocracy; every year, a large celebration – called the *Familistère’s labor day* – was given to award the best workers and deliver them a diploma, made of different levels. By these different ways, Godin succeeded to stabilize the staff inside the *Familistère*: 48.71% of the workers stayed there for ten years or more\(^4\).

It would be too long to go into the details of the ideal organization that Godin imagined and the realization he tried to put in place. Can be named the following elements: profit-sharing was introduced in 1880, a higher average salary and a lower working time than

\(^1\) For instance, a worker could loose a full quarter of working day when he was late of a few minutes only in this quarter.
\(^2\) With an hourly basis, “the worker is less subjugated to the master […]. Labour paid on the basis of time still remains an humiliating situation for the worker; the supervising upon him is still an attempt to his freedom […]. Instead of giving a value to the time of the worker, one has to give a value to the product to be made […]. It is the worker’s turn to be a master, in regard to the material, he can soften it, he can shape it […]. He is satisfied to have a servitude-free work, to have a salary in proportion to his skill and to his activity” (p. 19-21).
\(^3\) “One will see workers organizing themselves in inspector corps of workgroups in order to prevent from workers’ faults whom were not any more hostile but clumsy and regardless” (p. 352).
\(^4\) Brochure de l’Exposition universelle, 1889, Imprimerie nationale, p. 112.
in other competitors’ factories\(^1\), retirements rights were incorporated in the cost of goods, etc. From 1880, Godin founded a limited partnership, so called “Société du Familistère de Guise, Association coopérative du capital et du travail” where the idea was to share the management with elected employees’ representatives; the system was quite complex because of different kinds of representatives whom had to meet several conditions. According to Fourier’s ideas, the status notably planned to transfer the ownership of the capital to the workers; within fourteen years, Godin deeded the whole of the capital of 4 600 000 F to his employees.

These successes seem to mean that Godin mastered to transform his ideal organization into reality through different management techniques. In fact, he had to face both the hostility and the incomprehension of his contemporaries, either outside or inside the Familistère.

The latest section recounts an attempt to create a new business inside the Familistère. This experience is interesting in the sense that it shows that Godin used to surround himself with confident persons and did not leave anything to chance but, at least, did not accept to make a beneficial business if this latter did not match his social views.

**Tension points between the ideal organization and management techniques: the attempt of the hosiery business**

Godin’s choices of business fields seem always have been dictated by a social necessity. That was the case when he developed heating to improve dwelling comfort. That was also the case when, in the 1880’s\(^2\), he begun a hosiery business in the Familistère where

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\(^1\) Nevertheless, production costs are still lower than those of Godin’s competitors. This is an illustration of what management theories developed about the significance of working environment in 1950’s and 1970’s (Capron, 2003: 11).

\(^2\) The exact date is not known. The experience should have begun in 1884, date of the first report.
mainly worked women: “The material and moral advantages that could come from women’ work in the association of the Familistère do not have to be enumerated. I would say, without any comment, that they would be significant; even if we sell off products at the factory price, without any profit, only to cover the value of wages, overheads and raw materials” ¹.

Godin always fought for a certain emancipation of women but remained in the same time very traditional in the respective roles of women and men. The factory mainly employed men. The hosiery business was a way to make the balance.

This attempt is interesting because the archives show the way Godin used to work. He surrounded himself with people he trusted – here a couple that had lived for years in the Familistère, the Deynaud – and gave them the autonomy to work; in exchange, he received written reports which notably show a deep dedication and admiration for him.

Four persons were in charge of the workshop. M. Deynaud ², general manager, was in charge of all technical aspects of the production and had to take in charge the logistic. Mrs Deynaud had mainly the responsibility of managing the learners and the workers; she also had to make previsions of raw materials. Mrs Philip was storekeeper. M. Donneaud was controlling and accounting manager. Beside Godin, M. Deynaud and he were the two persons allowed to sign documents.

The archives give wide information about the way this attempt took place ¹. There are indications about a general report dedicated to the state of that industry, about costs of production (i), about the behaviours and the ability of the learners (ii), about the organisation of the workshop and the kind of machines needed (iii), about the prices compared to the competitors’ ones (iv), about the need to have a travelling salesman (v),

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¹ Rapport à M. Godin, Le travail des femmes et l’Industrie de la bonneterie, nov. 1884; IV (5) – 1/4.
² He was also editor in chief of the Familistère’s journal Le Devoir.
about the bookkeeping\textsuperscript{2}. All these documents show that there has been a real market research and that a reflection was leaded in order to improve the competitive abilities of the workshop.

\textit{(i).} At the beginning, the production of common wool socks started from nothing: \textit{“This can be explained by our inexperience and by the lack of information”}\textsuperscript{3}. According to M. Deynaud, the processing of 57.9 kg of raw materials needed the equivalent of 43 days of workers on machines and 13 days of home workers; it would leave a profit of 2 francs for the \textit{“overhead and the net profits”}. With a basis of 300 working days, the yearly gross profit would rise up to 763 francs; and with 30 machines, it would grow to 22 890 francs. But this kind of production was \textit{“the less profitable because it used the most simple machines and because it needed the less capitals”}.

\textit{(ii).} In the previous report, M. Deynaud gave the details of what technical know-how was expected from learners. He also explained the processing and its consequences in terms of staff management: \textit{“When hiring people, it seems to me that the instructions, about the division of labour of the learners, must not be given so that two persons could view themselves as independent one from the other and as having the right to understand as a trespassing or a fanciful intrusion the fact they have to follow the whole of the operations. About this duty, I think that where there are two persons, one has to be subordinate to the other, and that is necessary not to neglect this reliance of one to the other”}.

\textsuperscript{1} Due to the lack of place, I will give general indications and I will not go into the details.

\textsuperscript{2} Several documents are available: a general ledger, a nomenclature of the accounting books and of the accounts that Deynaud used; a part of one of his report to Godin saying that \textit{“the manufacture books and the accounting books are suitably organized”}.

\textsuperscript{3} \textit{Rapport à M. Godin, Bonneterie du Familistère, 12 sept. 1885; IV (5) – 1/4}. Next quotes of this section come from the same reference.
On her side, Mrs Deynaud observed the way learners worked and gave in her report many details of their behaviour and their ability. For instance, she wrote: “Hénon. Foot worker¹. Unable to understand the smallest teaching. Would be good to eliminate – Grégoire. Foot worker. Thinks a lot. Understands perfectly how the machine runs and will be able, may be exceptionally able in all works that need attention and care. Could run a breakable machine. But will not produce the average as fast as the latter did – Poulain, Zoé. Will be a good and dexterous worker, but short of reflection – Delzart, Blanche. (…). Will be an excellent worker, very brave for heavy works; a little jerk when she moves”².

Beside these very precise holds, she gave a general opinion about what should be the ideal profile: “any young person, having an average intelligence or even less, should be able to learn the hosiery, if she does not discourage after the second or third lesson”.

Mrs Deynaud also reported about the working conditions of the workers and their demands in terms of daily working time. These workers were not used to have compelled working times and it appears that the main problem was to develop workers’ loyalty. “Therefore, it would be useful to meet the persons able to drive a machine and to entrust it to them on the firm condition that they would come to work at the regulatory hours and for a time that you would decide yourself, Sir. We would then avoid the annoyance to make learners that would leave us just at the moment where we think we can rely upon them”³.

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¹ The French word is “piéteuse” and does not exist any more. I supposed it was the worker who was specialized in the complex process of making socks; I then translated by “foot worker”.
² Rapport sur la bonneterie du Familistère, 29 avril 1885; IV (5) – 1 à 2.
³ Appréciations et observations sur la seconde liste d’apprenties qui sont passées sous mes yeux jusqu’ici (no date); IV (5) – 1 et 2.
(iii). A note written by M. Deynaud explained how to organize the workshop; it contained: a map of the implantation of the machines, the description of the needs in terms of available rooms (a workshop, a stockroom, a room for the finishing and the packing, a small utility room), the general process, the needs in terms of machines and their costs. Another note explained the differences between two brands of knitting machines (the American Lamb and the German Laué); the main question was to know if women would be able to drive either one or the other brand, according to the weight of these machines.

(iv). M. Deynaud made a note to compare the prices of the Familistère workshop with a competitor in Rosières. In his report, he wrote that prices in Rosières can fluctuate from 25 centimes up or down. Nevertheless, Familistère prices were about 35% less than Rosières prices according to the prices that Deynaud picked up.

(v). In a note dated of May 6, 1886, M. Deynaud defended the idea of hiring a travelling salesman. He would have completed the sales ride of M. & Mrs Novelli and would have focused on the department of the Aisne (next to the Oise, where Guise was). This salesman would have different tasks: picking up the prices of competitors, reporting the customers’ comments, following the orders in the different districts in order to know the liking of the customers and the period they like to buy. According to M. Deynaud, this latter would have to work for the Familistère only two months a year, maybe four. At last, M. Deynaud suggested that some advertising should be done by printing the prices list and sending it to the hosiery or grocery businesses or by putting and advert in the journal Le Devoir.

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1 Bonneterie du Familistère, rapport à M. Godin (no date); IV (5) 1/6.
2 M. and Mrs Deynaud often went to a small city called Rosières, about 85 km to the West of Guise. We do not no much more about this place but another report shows that there was probably a factory.
The former points show that all the conditions of success were brought together. The activity fitted Godin’s expectations: it met his view of the ideal organization by giving to women the opportunity to emancipate them by getting their own salaries. On a technical basis, all the components of a successful management were equally brought together: an enterprising manager, controlled costs or at least known costs, competitive prices and the idea of building a commercial network. The question is then to understand why this attempt stopped. There is no definite answer but there are sound arguments in some of the reports that Deynaud sent to Godin. It appears that Deynaud wanted to have a greater autonomy inside the Familistère; a few times after he arrived to the Familistère, he wrote a long report to Godin where he explained his views about the importance he gave to the cooperative movement in general and to the Familistère more precisely. His remarks gave the picture of an ambitious – perhaps megalomaniac\(^1\) – and intelligent man, plenty of ideas but searching for a social acknowledgement.

While he has just joined the Familistère, he wanted to set his conditions to Godin:

“About me, I wish from now to specify my situation, under the conditions that a few forecasts are performed and that we could already set up. […]. From this moment [when the workshop takes the shape of a company], one and the other [M. and Mrs Deynaud], we would receive salaries in relation with the importance of the business. But I insist on the need, before any beginning, to fix a sales turnover which, when it would be reached, would give to Mrs Deynaud and I the right to be partners, and when a second figure will be realized, it would give me the right to be member of the board of managers”\(^2\).

Ten months later, in another report, M. Deynaud brought the matter up again by enunciating the same conditions as above. But he recognized that these would be “a

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\(^1\) “A large industrial federation must give birth around the present Familistère in order to create a small social Republic with the mission to conquest the world” (rapport du 24 nov. 1884).

\(^2\) Rapport de nov. 1884.
new case inside the Familistère. [...]. According to me, there is a great difference between the case of running a department already organized, and the fact of building a new industry enlarging the Familistère’s action”.

Conclusion

The question is to know now if Godin’s case meets the hypothesis of my theoretical framework: how does Godin’s ideal management fit with technical management? What is the position of the discourses between these two representations of the organization?

First of all, the available archives do not contribute easily to the researched goal: Godin hardly gave directions to his collaborators about the way they should have managed the organization. This point is quite easy to understand; Godin wanted to promote the autonomy of workers and, in this logic, there was no reason for him to interfere in the daily functioning of the organization\(^1\). Then, there is coherence between Godin’s attitudes and the way he expressed in his writings what should be the ideal organization. Second, the Godin’s writings I have used are the outcome of his experiences in managing the Familistère; therefore, the gap between the ideal organization and the daily and routine organization that is noticeable through accounting tools is shrunken because Godin has squared his published purposes with what has been successful in the organization. Quite logically, Godin wanted to show to the society his successes, and not his failures.

\(^1\) This element is quite important because I currently lead a research on Crédit Lyonnais archives with the same framework and the situation is totally different because Henri Germain, the founder, was very autocratic and he wanted to be apprised of the daily functioning of the bank. Therefore, there are many administrative letters which have the purpose to joint the ideal organization with the daily organization.
Nevertheless, according to the conceptual framework, different key-elements can command attention:

(i). Discourses have a little function of link between the ideal organization and the daily and routine one. Different reasons can explain this matter of fact. First, as stated before, the *Familistère* was a project which englobed almost all aspects of life (education, work, leisure, housing, etc.); therefore, people had probably no other choice that either to stick to it and then to behave in the sense of the ideal organization or to leave it. Discourses were not needed because daily non-verbal attitudes – especially the architecture of the *Familistère* which reminds Foucault’s panoptic – were sufficient to channel people in the expected way.

(ii). Discourses had then a function outside the organization. As a national, and principally local political representative, Godin had there a platform to spread his ideas. Discourses were then a means to extend Godin’s intentions to the whole society. Indirectly, public words were also a way to reinforce Godin’s powers inside the *Familistère*.

(iii). The hosiery attempt showed that even when accounting tools provided positive information (possible profit), Godin did not act as a rational economic agent in the sense that he did not carry on the experience because Deynaud’s behaviour very likely did not please him: the organization that this latter hoped for did not hold with Godin’s ideal organization. Therefore, it is possible to imagine that the most important for Godin was to be true to his ideals. Nevertheless, this turn of mind did not preclude pragmatism; from 1870, Godin tried to set up a quite complex system of financial sweetener where workers decided themselves the spreading out of the funds between them. Quickly, many workers did not want to get involved any more and Godin stopped the experience.
Even if the Godin experience is noticeable, on one hand for its social march, and on the other hand for its noteworthy length\(^1\), it needed a very strong cohesiveness which relied on a charismatic leader and an unrelenting will of explanations: “This required influence was all the more difficult to carry out that one addresses to a mass of absolutely ignorant workers who, due to this ignorance, refused any good that one wanted for them”\(^2\).

This may explain why the year after Godin’s death, the Familistère peoples confused the status of member with the one of partner, and then modified the remuneration based on merit with a remuneration based on seniority [Capron, 2003: 14].

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\(^1\) The system Godin built lasted till 1968 in its principles.

\(^2\) Exposition universelle, 1889, p. 112. Quoted by Capron [2003 : 12].
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