

**SOCRATES ON MANAGEMENT: AN ANALYSIS OF
XENOPHON'S *OECONOMICUS***

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Abstract

Socrates is said to have brought philosophy down from the heavens to the earth and is thereby recognized as the founder of Western moral and political philosophy. But in launching this subject, did the 5th century BC Greek philosopher also inaugurate the study of management and business ethics? Our answer is yes.

Socrates' inquiry into management, featured in Xenophon's *Oeconomicus*, contains valuable insights still relevant to the contemporary world. In that foundational work of Western economic thought, Socrates is portrayed attempting to expound the science and art of management to an eager student. He develops this topic, in no small part, by actively seeking out a successful practitioner, engaging him in conversation and probing him with questions.

The Socratic perspective brought to light holds that business cannot be separated from social responsibility and ought to be oriented around a conception of profit that goes beyond monetary figures and embraces the satisfaction of rationally grounded human wants. Socrates also insists that management is a respectable calling which both men and women can legitimately pursue. A good manager, too, is defined by a functionally relevant set of virtues with a view to personal flourishing and moral excellence. Ethical conduct comes to sight as a core component of management.

Introduction

By abandoning his youthful speculations into the underlying principles of nature, and instead turning his critical gaze to human affairs, Socrates is said to have brought philosophy down from the heavens to the earth. As a result, Socrates is widely recognized as the founder of Western moral and political philosophy, envisioning it as a thoroughgoing rational analysis of how human beings ought to live, both as individuals and as members of society. But in launching this inquiry, did the 5th century BC Greek philosopher also inaugurate the study of management and business ethics?

Startling as it may seem, if we give Xenophon's *Oeconomicus* its due, the answer to this question cannot be anything other than yes. For in that foundational work of Western economic thought, we see Socrates attempting to articulate a science and art of management in a lesson taught to an upper-class Athenian by the name of Critobulus, with much of what Socrates teaches deriving from a conversation he had with a successful practitioner, Ischomachus. Management, in the Socratic perspective, is a task oriented to the utilization of available resources with a view to satisfying people's authentic needs. It is properly informed by a consciousness of social obligation, equally open to both the sexes, and offers a viable mode of leading a noble life. A good and honorable manager practices the virtues of self-control, piety, loyalty, justice, honesty, industry, and diligence; the excellent manager augments these qualities with the intellectual virtue of high-mindedness. With Socrates, ethical concerns come to sight as essentially constitutive of good management, rather than a set of side-constraints to the quest for profits.

Why Xenophon's Socrates?

At first blush, few today would take the idea seriously of consulting Socrates for advice on management and business ethics. The Socrates with which most people nowadays are familiar shared the ancient Greek world's disdain for industry and commerce. This is the skeptically inclined, ironic Socrates who deprecated his own intelligence before interrogating his confident interlocutors, the Socrates who spent his time on the more high-minded tasks of theorizing about being versus becoming, the conditions of human knowledge, the nature of the good society, the meaning of justice, and of course, the conceptual order of the forms centered around the idea of the good. In *The Republic*, after all, Socrates is the one that relegates the commercial and working classes to the lowest rung of the ideal regime he drafts.

As the reference to *The Republic* suggests, this widely held conception of Socrates comes from Plato's dialogues, which for the last century or so have held a monopoly on the representation of Socrates in the philosophy curriculums of our colleges and universities. Yet the Western literary and philosophic tradition offers other portrayals of Socrates. There are a number of passages in Aristotle (1984), among which Socrates' concern with ethics is underlined and described as having given rise to his dialectical examination of contrary opinions, his attempts at inductive generalization, and his search for universal definitions (1078b22-33). Aristophanes (1984), the comic playwright, depicts Socrates in *The Clouds* as an ivory tower cosmologist and socially corrosive sophist. Though widely derided as a gross caricature driven by satirical imperatives, Aristophanes' portrayal is arguably worthy of consideration, if only in affording vivid traces of what Socrates was like in his early days as a philosopher of nature.

For those, however, concerned with management and business ethics, the most promising source for Socrates' views is Xenophon (ca. 430-356 BC). Before leaving his birthplace of Athens to join a military campaign led by Cyrus the Younger, the Greek soldier, mercenary, general, historian, and philosopher appears to have met and conversed with Socrates over a two year period between 412 and 410 BC (Pomeroy, 1994, p. 21). Out of this encounter, supplemented ostensibly by testimonies from other followers and hangers-on of Socrates, Xenophon authored four works on the snub-nosed dialectician: *Memorabilia* (a biography of Socrates), *Apology* (an account of Socrates' trial), *Symposium* (a dinner conversation about pride and love), and, as mentioned at the outset, the *Oeconomicus*. While the latter's emphasis on the economics of the private household, farming, the role and education of wives, and gentlemanliness gives it the appearance of being both outdated and too narrowly focused on domestic concerns to be of any relevance to contemporary business, the *Oeconomicus* turns out to be quite illuminating. For one can abstract from its historically conditioned subject-matter a general examination of the problem of managing, on a significant scale, the allocation and coordination of varied material and human resources, with the aim of generating profit while simultaneously conforming to ethical norms. It ought to be recalled, too, that the household was the fundamental unit of production in the ancient world, much in the way that the limited liability corporation is today. Unlike its modern counterpart, the ancient household encompassed slaves, alongside family members, thereby often making it equivalent in size to a present-day small business. In some instances, the number of slaves was such – David Hume (1985) mentions 10,000 in his survey of the relevant

ancient texts -- as to make certain households rival what we would consider a large company.

Reading Xenophon in contrast to Plato, one receives a very different picture of Socrates, wherein he comes across as rather deferential to received opinion and as a generous dispenser of concrete advice on the ordinary and practical concerns of life. At a time when philosophy has become a highly technical field employing a forbidding conceptual terminology, it is not surprising that Plato's conception of Socrates would be deemed more congenial today. The chief rationale offered for preferring Plato is that Xenophon's intellect was far inferior to his and that, therefore, the latter could not have possibly grasped the depth of Socrates' thinking. According to his Loeb edition translator, Xenophon's mind was, "a series of labeled pigeon-holes, each hole filled with a commonplace thought remorselessly analyzed" (Marchant, 1923, p. xxvi). Unable to comprehend the great man, so the argument runs, Xenophon put his own shallow, practical mindset into the mouth of Socrates (*ibid.*, p. xxiv; Russell, 1961, pp. 101-102). Against this view, one may pose the near universal consensus over the last two and a half millennia praising Xenophon as a Socratic philosopher worthy of close study. Included within this consensus is Cicero, Quintilian, Plutarch, Polybius, Dio Chrysostom, Anthony Ashley Cooper, Montesquieu, Hume, and Edward Gibbon (Bartlett, 1996; Nadon, 2001, p. 3). It was only in the middle of the 19th century that this consensus began to crack, but of late, there are signs that the older, more time-honored, opinion of Xenophon is reasserting itself. A 1999 conference on Xenophon featured 56 papers, 24 of which were subsequently published (Tuplin, 1999a). Beyond this, Christopher Tuplin counts approximately 40 monographs and articles on Xenophon as having been published

since 1967 (Tuplin, 1999b, p. 13). Given the balance of opinion, the recent neglect of Xenophon is best attributed to the peculiarities of our epoch. We are thus entitled to see Xenophon's depiction of Socrates as complementing, and indeed completing, the reigning Platonic account, as showing the practical side of his philosophic activity, a side that Plato, focused as he was on more theoretical topics, placed in the background in his attempt to beautify Socrates (Plato, *Second Letter*, 314c)¹.

The Science and Art of Management

The Oeconomicus begins rather abruptly with Socrates asking Critobulus whether household management represents a field of knowledge. A more natural starting-point, one might suppose, would have been to raise the question of what household management is, much like school textbooks open by defining the subject-matter at hand. Had this path been taken, however, one would have assumed that household management can be understood through discourse, and hence can be taught, rather than being the product of intuition, a natural gift, or practice alone. This premise is far from self-evident, in light of the doubts still prevalent in some quarters, particularly among hardened executives and even a few academics, that management courses do little to make people into good managers (Mintzberg, 2004). Befitting the character of the philosopher, Socrates takes nothing for granted. He and Critobulus quickly agree that household management constitutes a body of knowledge, based on the observation that the individual who has mastered that subject can successfully run any household that is entrusted to them and not just their own. The implication is that knowledge involves the

¹ For a somewhat analogous explanation of the difference between Xenophon and Plato, in which they are seen as pursuing distinct missions in memorializing Socrates, see Waterfield (1999).

comprehension of universals, of ideas that can be applied to different particular objects, in this case varying households, possessing a set of common traits, i.e., those qualities that permit each distinctive household to still all be referred by the same general term, household.

In determining whether household management is a branch of knowledge, the Greek word “episteme” is employed, typically translated as science. Indeed, the reference to science in describing household management, along with its farming component, does arise among translators and commentators (Xenophon, trans. 1979, 2.12 & 6.8; Strauss, 1970, p. 92). At the same time, household management is often called an art (the relevant Greek term being “techne”), leaving us with the conundrum of whether Socrates believes it is a science or an art. In everyday thinking, the difference between an art and a science is a function of the latter dealing with certainties, while the former grapples with the variable and probable, a distinction philosophically expressed by Aristotle (1139b15-40a24). Socrates grants that management is subject to uncertainty in noting that someone can competently oversee a project and still suffer losses by, for example, skillfully tending to a corn field and having it ruined by inclement weather just before harvest (5.18-20). On this basis, along with the fact that ‘art’ is used more often than “science” in the *Oeconomicus*, the temptation exists to say that Socrates was inclined to view management as an art.

But this would be to concede that Socrates, or Xenophon in portraying him, was not fully clear in his own mind about how to categorize management, a rather elementary confusion to accept in a man of his intellectual stature. More plausible, and in keeping with the textual evidence, is to hold that Socrates took management to be both an art and

a science. It is an art in pertaining to doing, or more precisely the production of goods, thus explaining why Socrates was impelled to consult a respected practitioner, Ischomachus, in order to familiarize himself with the subject. It is a science insofar as one can adopt the standpoint of a reflective spectator, defining and distinguishing the essential structure of the various facets of management, in addition to deciphering the general causes of success and failure (1.5-15; 2.17-18; 6.12-17). Since Socrates, with little experience of running a household, teaches Critobulus about it before the latter is expected to properly engage in it, the scientific aspect of management is revealed as a necessary preparation for practicing it as an art. Study promises to enhance the quality of action, though it does not guarantee its success, for Socrates admits that a person knowledgeable of management must continually resist the delusive pull of immediate pleasures and foolish ambitions (1.16-23). That mastery of management must inevitably lead to good performance is reminiscent of the well-known Socratic dictum, manifest in Plato, that virtue is knowledge. Socrates' own qualification of this claim in Xenophon's account reveals that the intellectual gadfly could espy the practical reality that the will must first be well-regulated before the intellect can have an impact.

The relation of knowledge to household management being clarified, Socrates proceeds to ask Critobulus what a household is. The answer eventually put forward is that it consists in the stock of possessions held by a given party. Both common sense and the law define a possession as anything that a person rightfully has under their control to use as they see fit, subject to regulations aimed at securing the public interest. Challenging the conventional understanding, in line with what we see in the Platonic dialogues, Socrates convinces Critobulus that possessions can only include those things that

generate benefits. Socrates obviously plays on the positive connotations of the term “possession” in people’s minds, rooted in the custom of equating wealth with the sum total of one’s possessions. It would be easy to contest Socrates’ definition by pointing out that “possession” is commonly connected to harmful property, as evidenced when a financial analyst describes the division of a company that it acquired in a merger as a drain on profits.

To be consistent with ordinary usage – always advisable for philosophers, where possible -- what Socrates is speaking about is closer to what is commonly known as an asset, regarded as any resource controlled by an entity, whether tangible or intangible, with expected returns. But once a household is translated into accounting terms as a bundle of assets, we are alerted to the absence of liabilities in Socrates’ definition. It is not as if Socrates is unaware of the concept, for in subsequently comparing his own economic condition to that of Critobulus, he remarks that his social obligations are minimal, whereas Critobulus is compelled to expend his resources in order to ensure his good standing in Athenian society. Socrates, it seems, wants the analysis of management entirely focused on the production of benefits, i.e., the good.

His allusions to an accounting model also draws attention to the hard-headed, economic understanding of the household that Socrates advances, in which the people living together in it – husband, wife, children, servants – end up obscured amid all the talk about property. Reinforcing this perception is Socrates’ repeated presumption that the point of household management is to increase profits. Can this be the same person who at his trial affirmed that throughout his life he had refrained, and encouraged others along the same lines, from chasing after wealth in order to care for his soul? (Plato,

Apology, 29d-30a) Indeed it is, once we recognize that Socrates enriches the language of wealth and income so as to also encompass what economists nowadays refer to as psychic benefits and costs. Thus, when defending his own way of life to Critobulus, Socrates calls himself adequately rich, even while conceding his net worth is 1/100 of what Critobulus has, precisely because his wants are limited, his social responsibilities are comparatively light, and his friends are many and willing to help whenever in need. In other words, Socrates' prosperity consists in his freedom and relationships. On the Socratic view, then, managers are directed to pursue a wider range of goods than monetary gain by having these internalized in their notion of profit, leaving the way open for ethical concerns to be integrated within the firm's accounting.

This enhanced accounting system demands a greater degree of knowledge, if not wisdom, than that required to merely tabulate sales and cost figures. Accordingly, Socrates adds that a possession, or an asset as we would rather call it, only counts as such if the person deploying it knows how to extract profit from it. A flute, for example, is of little benefit to someone that cannot play it. The obvious rejoinder, duly made by Critobulus, is that that the flute remains an asset to that person because they can always sell it. Here we have the well-known distinction between use-value and exchange-value, made before Aristotle is thought to have originated it. Socrates does not challenge this distinction, but counters that the marketability of the flute only shifts the problem to another level, since one must still know how to sell the flute and what to do with the money received. If the person uses the proceeds to avail themselves of the services of a prostitute, ruining their health and coarsening their soul in the process, then the money is not really an asset for that person, but rather a liability. Extracting benefits from money

means having to properly calculate the long-term consequences to physical and mental well-being that the available investment alternatives entail, and not simply how it might affect the bank account. The value of assets under management is tied to considered human wants.

What is also implied is that, within firms, resources are best entrusted to those with expertise in applying a human-need centered approach, for only they can maximize the value of the firm's assets. It would make little sense to constrain the decision making authority of such individuals through checks and balances of one kind or another, since that would only allow those less knowledgeable to hamper the organization's effectiveness – though this assumes that the empowered managers have the requisite control over their passions, particularly greed and ambition. If, for Socrates, the ills of politics will not subside until philosophers become kings, it is also the case for him that the problems of resource allocation within economic entities will not be resolved until self-disciplined experts become managers.

Socrates takes Critobulus under his wing

Convinced that an education in management will help him, and certain that his strength of will is such that he can take advantage of the knowledge acquired, Critobulus asks Socrates to be his teacher. Drawing Critobulus to him as well is Socrates' demonstrated capacity to generate a personal surplus from a very limited revenue base. As Critobulus says, "a man who saves on a small income can, I suppose, very easily show a large surplus with a large one" (2.10). Socrates' success in exciting his student about learning his humanistic approach to management teaches us that business ethicists

will attract more interest if their lessons promise to pay dividends and they exemplify their counsel through their own moderate behavior.

Further stimulating Critobulus' desire for instruction is Socrates' observation that he desperately needs to tend to his own household owing to the aforementioned financial burdens placed on him by his socio-economic position in the Athenian elite, including the duty to fund religious sacrifices, provide hospitality to foreign visitors, contribute to public works, and put up money for military equipment in case a war is launched. If he does not put his house into economic order, Socrates warns, Critobulus will end up poor, humiliated, and his reputation in tatters. Socrates grants here that the propertied classes have responsibilities to society. But given his contention that he is better off than Critobulus in being free from social obligations, the imposition of these on proprietors cannot reflect moral principle. Precisely because they control the bulk of the community's resources, the rest of society basically insists that proprietors contribute to the commonweal. Socrates hints that this expectation is greater in democratic regimes by noting that Critobulus must benefit the citizenry lest he lose his following (2.5). A Socratic approach applied to the current context will thus oppose Milton Friedman's (1970) dictum that firms should solely focus on earning profits in favor of a social responsibility ethic, for no other reason than that business must maintain public support in order to preserve its traditional functions.

There being many occupations from which to choose, the first module of Critobulus' lessons concerns the line of business he ought to enter. Critobulus asks Socrates to select an employment that is both suitable for him and noble. In accepting the suitability criterion, Socrates tells us that the good which business is enjoined to foster

must reflect each individual's unique circumstances. In Plato's Socrates, of course, there is only *the* good, but then Socrates here is not analyzing the problem of universal concepts, but trying to further the well-being of a specific person. As for the ideal of nobility posed by Critobulus, though nowadays it evokes images of the old aristocracies, what the ancient Greeks referred to as "to kalon" continues to retain a moral significance. That ancient Greek term literally means the fine and beautiful. Given the common tendency to identify these two with moral conduct, as when we say that Mother Theresa was a fine person or that it is beautiful when someone makes time to provide company to the elderly, the noble combines the aesthetic and ethical to frame the picture of an exemplary character or action. That someone so intent on money-making as Critobulus is nevertheless concerned about nobility is Xenophon's way of indicating to us that, deep down, everyone involved in business yearns to channel their efforts into something that is morally praiseworthy.

To satisfy Critobulus' desire for nobility in money-making, Socrates makes the case for farming. Nowhere in the *Oeconomicus* is the propensity for Xenophon's Socrates to yield to the accepted opinions of the day more noticeable than it is here, though he is more dissecting than first meets the eye. Farming is posed against the alternative of manufacturing, done in those days by artisans and craftsmen, and described by Socrates as being, "spoken against and held in utter disdain in our states", as "so-called liberal arts", with those practicing then "reputed bad" (4.23). By repeatedly, and explicitly, referring to the prevailing sentiment, Socrates signals his awareness that he is appealing to authority. He proceeds to cite the customary arguments against the artisans and craftsmen, to wit, that their indoor sedentary jobs enervate their bodies, and consequently

their minds, with their lack of leisure time preventing them from cultivating friendships and becoming involved in the community.

Rather than merely stating this claim, though, Socrates probes a bit further, suggesting a cause for the ill repute of the so-called mechanical arts: the primacy of war in the ancient Greek city states. Thus, Socrates notes that, “in some of the states, and *especially in those reputed warlike*, it is not even lawful for any of the citizens to work at illiberal arts [emphasis mine]” (4.3). Given that success in war then very much turned on the citizenry’s ability to take part in hand-to-hand combat in the open air, it is “naturally enough” (4.2), as Socrates puts it, to be expected that societies prone to such conflicts would develop a bias against occupations that do not acclimatize individuals to the elements and undermine their physical fitness. It also makes sense that such societies would be partial to farming, inasmuch as it does accustom people to the outdoors, engages them in physically demanding activity, and affords them the time to attend to public affairs between the plantation and harvest periods. For Socrates, therefore, the nobility and ignobility, respectively, of farming and manufacturing does not denote a universal moral reality; it is a phenomenon limited to the context of war-oriented societies. No basis exists, in applying the Socratic approach in the light of our circumstances, to privilege agriculture and assign a moral inferiority to manufacturing, or any other indoor, sedentary employment for that matter, as for example in the services sector. To the extent that war today is prepared for, and fought, it is now far more dependent on technological, as opposed to physical, prowess and is the preserve of specially trained forces as opposed to a citizen army.

Indeed, Socrates subtly demotes war from its dominant perch in the ancient hierarchy of occupations by portraying it as equal to productive economic activity. For this purpose, Socrates summons the example of Cyrus, the Persian ruler. Figuring that the high-born Critobulus will be receptive to imitating a monarch, Socrates points out that Cyrus concerns himself with agriculture just as much as he does with war, believing them to be equally noble activities. Critobulus initially doubts this, but Socrates manages to overcome his skepticism by describing in great detail how Cyrus makes it a point of examining the state of the lands under his authority, receiving reports of the fields he is unable to inspect, rewarding and penalizing his subordinates on how well their efforts further agricultural production. An army commander unable to maintain the peace necessary for farmers to securely execute their operations is held to account, as is a governor whose lands remain idle even though the army is maintaining the requisite stability. As Socrates tells it, Cyrus well saw that warriors rely on the producers of wealth, as otherwise there would be nothing to tax and hence no means of support to finance armies.

It has been said of this argument that Socrates fails to establish the nobility of farming, only its necessity (Strauss, 117). Yet it is also true that Socrates neglects to demonstrate the nobility of war. Instead of praising the courage and self-sacrifice elicited by war, Socrates presents it as an alternative mode of acquiring wealth. Enemies, he says, can be exploited for riches, as “one cannot fail to notice that many private persons are indebted to war for the increase of their estates, and many princes too” (1.15). The sole rationale for war that can possibly be read into Socrates’ words is the remark that armies are necessary to guard the land. Only the community’s defense justifies war. Socrates

points to a novel conception of nobility, more hospitable to business than war, revolving around what a person contributes to the fulfillment of people's necessities as opposed to how one confronts the fear of death on the battlefield.

Recognizing that farmers regularly interact with the earth, Socrates presses his case for agriculture in calling attention to the goodness and wisdom of nature. This sentiment might be taken to imply that Socrates renounces the conception of nature, with roots in the Judeo-Christian tradition, actuating our modern technological civilization, wherein the natural realm is seen as humanity's adversary, a daunting force to be predicted, controlled and mastered if we are to survive and flourish as a species. According to some environmentalists, particularly ones committed to deep ecology, this picture of nature lies at the bottom of the current environmental crisis (White Jr., 1967). In spelling out his positive view of nature, however, any sense that Socrates might have been a proto-environmentalist is quickly dismissed. Though he affirms that nature is an entity we are meant to serve rather than master and that it "supplies good things in abundance", thus seemingly contradicting the economists' assertion of resource scarcity, he immediately qualifies this statement back in the economists' direction, noting that nature forces us to sweat and toil in order to extract its benefits. She raises our endurance to extremes in the weather, impels us to rise up early and efficiently use our time, while stimulating us towards military defense by leaving crops out in the open, where others have the incentive to simply take them by force. Nature's kindness expresses itself in tough love.

To his encomium of mother nature, Socrates adds that she teaches justice. She gives to those in proportionate to the efficacy of the effort put in to harness her resources.

Not only that, those individuals mentally toughened by nature's rigorous lessons are capable, if stripped of their homelands by an invading army, to strike back at the occupying forces and seize their territory. And since farming can only win nature's fruits if many come together and coordinate their actions, people are taught the virtues of co-operation. Justice is thus defined in line with common opinion as a matter of giving to each what they deserve, adhering to norms that make social collaboration possible, and preserving the integrity of one's community. This is different from the idea of justice that Socrates advances in *The Republic*, where it is conceived as minding one's own business, each person sticking to their own assigned function in a community aimed at the common good. Once such a community is no longer an option, it seems, Socrates is forced to adopt the more practical tack of accommodating more ordinary notions of justice.

Critobulus agrees with everything Socrates says about nature, except for the claim that it always supports justice. No matter how well farming operations are planned and executed, there is always the chance that nature will damage the crops, whether through frost, heavy rain, or drought, potentially leaving us with nothing in return for our efforts. Nature can never be fully deciphered, nor controlled, so as to eliminate risk. Socrates could have responded to Critobulus in one of two ways: with a call for further inquiry into the ways of nature with a view to developing improved technologies to dramatically reduce the risk exposure; or he could have observed that such risk is inherent to all money-making projects as part of the human condition and that the optimal course is to simply accept it. The first is what we would expect from someone with a modern scientific mindset; the second is something we might suppose coming from a philosopher. Socrates does neither, instead acting surprised that Critobulus did not realize

that the gods are ultimately in control and that hence sensible people offer prayers whenever involved in hazardous undertakings.

One cannot help wondering whether Socrates is being straight here about his religious beliefs, given the suspicion that he rejected the Athenian deities, a denial for which he was charged and convicted. Were we to go by Plato's dialogues, to the extent Socrates held firm beliefs about the divine realm, it would either be in the daimonian that Socrates claimed gave him private signs (Plato, *Apology*, 33c) or in a god somehow allied to the idea of the good, representing the source of being in the universe and indifferent to human affairs. Whatever his beliefs really were, what cannot be gainsaid is that Socrates thought of religion as a helpful source of comfort for people confronted with momentous, inescapable risks – as all businesspersons perforce are – who might otherwise become discouraged from sticking to the path of virtue by the gnawing sense that the universe cares nothing about their fate. Let it be noted, though, that Socrates here does not look to religion for an articulation of moral principles. Nor does he draw upon the concept of rewards and punishments in an after-life. The consequences of our conduct must only be considered in this life. On the Socratic view, reason can be trusted to illuminate our moral path in business. Reason is only to be transcended for the sake of managing our hopes and fears about things beyond our control.

The Conversation with Ischomachus

The culminating, and central, part of the management education Critobulus receives is Socrates' account of his meeting with Ischomachus. Known in Athens as the ultimate gentleman – the Greek term “kalagathos” literally designates someone good and

beautiful or, if you will, a flourishing and morally exemplary personality --- Ischomachus is the embodiment of what Critobulus aspires to be. In approaching Ischomachus to progress his own understanding of the science and art of management, Socrates does not examine a series of written case studies or analyze a relevant data set from a theoretical distance. Instead, he begins from the widely held opinion that a certain individual is a perfect gentleman and then evaluates that opinion by going to the most authoritative spokesperson on the matter, Ischomachus, and probing him with questions. A common objection to consulting practitioners is that their insights veer towards the telling of stories from the trenches so that anyone heeding their words is enmeshed in an excessive concreteness. As Ischomachus states his points in a general way with selective exemplifications, this problem is avoided in the dialogue, evidently because of the way Socrates guides him with his questions. Though always questioning, Socrates rarely challenges Ischomachus, an indication that the philosopher is mostly in sympathy with what the practitioner has to say.

Socrates comes across Ischomachus seated in the temple of Zeus, which he finds strange because Ischomachus is customarily to be seen at the market and is usually busy. Not only does this serve to establish Ischomachus' bona fides as a regular participant in the market, it also conveys that the model businessperson exhibits the virtue of industry. Alas, a significant part of the conversation with Ischomachus is of limited bearing to management and business ethics, insofar as he describes the techniques of farming and relates how he trained, and worked with, his wife on domestic tasks. Still, Ischomachus puts forward, contemporaneously speaking at least, a surprisingly egalitarian vision of gender roles in economic life, to which Socrates does not object.

Orthodoxy then held, as echoed in Aristotle's *The Politics*, that the household embodied a natural hierarchy, with slaves at the bottom, children and women ranked next, and men as the masters. For Aristotle, females were naturally subordinate because their rational faculties were incomplete (1259b2-4 and 1260a9-15). By contrast, Ischomachus suggests that men and women are intellectually equal, it being "granted to both impartially memory and attention, and so you could not distinguish whether the male or the female sex has the larger share of these" (7.26). If, as previously noted, self-control must be present alongside intelligence for someone to be competent manager, it must follow that women are on par with men, especially in light of Ischomachus' assertion that both genders are similarly capable of moderation. Accordingly, Ischomachus speaks of his wife as his partner in overseeing the household, compares her role to that of the queen bee in the hive, pictures her as guardian of the household's laws, and even goes so far as to hold out the promise of her ruling over him if she masters her domestic functions (7.13-14 & 7.30 & 7.32-38 & 9.15 & 7.42)².

None of this is meant to obscure the fact that Ischomachus expected his wife to remain in the home, where she was to keep a plain appearance and glory in the orderly arrangement of the household belongings. Throughout Ischomachus' discussion of his wife, Socrates repeatedly asks whether she complied with his instructions, as if to imply that this would be an unexpected feat (8.1 & 9.1 & 9.18 & 10.9). The historical evidence circumstantially hints that Socrates was right to raise questions, for the wife of an Ischomachus is said in an ancient Greek text to have seduced her son in law (Anderson, 2001, p. 174n1). Is this the same Ischomachus featured by Xenophon? The absence of domestic bliss is hinted at when Ischomachus confesses that his wife has sued him

² For a defense of Xenophon's feminist credentials, see Pomeroy (1994, pp. 88-90)

(11.25). In being furnished an example of a woman who flouted her husband, we are given more reason to doubt that females are marked by nature to submit themselves to males.

Soon after the topic of the conversation has shifted from the education of wives, Socrates notices how the time has passed and wonders whether Ischomachus has other affairs to which he must attend. Ischomachus replies that he has bailiffs superintending his farms, which then leads to a discussion of the virtues that managers need to possess. The catalogue of virtues put forward is premised on the imperfect identity of interests between the bailiff and Ischomachus or, more generally, the manager and the owner. As Ischomachus comments earlier in the dialogue, owners have a greater incentive to take better care of the household assets than those employed by them because, “he who gains most by the preservation of the goods and loses most by their destruction is the one who is bound to take most care of them” (9.17). Not being equally impacted personally by the vicissitudes of the operation, managers will be more tempted to shirk their duties and take advantage of their positions to extract resources from the owners to themselves.

Economists refer to this as agency costs, which very visibly manifest themselves in the publicly traded corporations that decisively shape the current economic scene (Jensen & Meckling, 1976). These corporations are structured such that its owners, otherwise known as the shareholders, essentially hire a team of managers to run the business on a day-to-day basis. By entering into this arrangement, however, the shareholders potentially open themselves up to exploitation due to their inability to constantly monitor executives, their comparative lack of industry knowledge, and the logistical challenges posed by their often large and dispersed membership to their

organizing a resistance movement against management. Consequently, Ischomachus' enumeration of the bailiff's virtues will prove helpful in clarifying what we ought to expect from our corporate executives.

First and foremost, according to Ischomachus, the management must be loyal to the ownership and be imbued with a sense of what we would now call fiduciary duty. Asked how he cultivates this sense, Ischomachus tells Socrates that he rewards loyalty by ensuring the manager who makes his household thrive shares in that prosperity. But this assumes, Socrates says, that the manager has the self-discipline to actually do what is necessary to promote their own interest. To which Ischomachus replies that one must avoid hiring people given to heavy alcohol consumption (this could be broadened to include all forms of substance abuse) along with erotic personalities, as these are more interested in having sexual intercourse with their latest sweethearts than in the duller task of running the business. With Ischomachus' explanation here, concrete substance is added to Socrates' earlier call for self-control on the part of the manager – though few today would worry about the amorous propensities of executives, except insofar as it raises the prospect of workplace sexual harassment or otherwise threatens to tarnish the company's reputation by being misdirected to minors.

Business ethicists today are more concerned about the passion for lucre than that for sex. Yet Ischomachus insists that the love of money renders an individual well-disposed to a career in management in that one need only demonstrate to them that diligence is remunerative by rewarding and penalizing their work accordingly. Tying self-interest to virtue is not so easily accomplished in the case of justice and honesty, however, since the careless manager merely benefits from an easier time at work,

whereas the unjust manager potentially enriches himself at the expense of the owners. In this instance, Ischomachus acknowledges that a heavy weight should be placed on the threat of punishment, not just through dismissal, but through state enforced fines and imprisonment. Unlike the generality of legal codes, which emphasize raising the costs of wrongdoing, Ischomachus believes that the benefits to justice must also be boosted, with the money seeking person needing to see that honesty is the best policy to riches. Now one can readily envision scenarios where this equation will not hold, a point that Ischomachus tacitly concedes in adding that he prefers ambitious types anxious to win praise and honor. The true Socratic will view with suspicion the hypothesis that the problem of managerial abuse of shareholders can be solved by aligning their respective interests, whether through profit bonuses for executives, stock options, or restricted stock. Keeping a check on acquisitiveness should be a well-regulated pride, in which corporate managers esteem themselves on their service to shareholders.

The *Oeconomicus* finishes with Ischomachus delivering an extended sketch of the superlative manager. In advising how owners should manage their managers, so to speak, Ischomachus appealed to a simple behaviorist model according to which human beings can be readily influenced to act in any way one may wish if one just conditions them with the correct incentives. Consistent with this, when Ischomachus comes around to explaining how he instructs his bailiffs to lead the people under them, he once again invokes what he calls the “childishly easy method” (13.4) of rewarding keenness to serve and punishing disobedience. Socrates remarks that it is no childish affair to transform others into rulers, gently rebuking Ischomachus for thinking it a simple task. By the end, though, Ischomachus comes to realize the wisdom of Socrates’ point, acknowledging that

leading is much more than applied behaviorism, and that the most estimable managers possess a superior insight into what should be said and done to inspire their subordinates. Such managers make their followers eager to impress them, nurture a team spirit, and energize everyone with a determination to excel in completing the project at hand. They stand at the opposite pole of those who demean themselves in relying upon threats and compulsion to incite the efforts of their subordinates.

Ischomachus describes the superlative manager as knowledgeable, with an aptitude for business requiring the combination of education and natural genius. We can thus say that this person has mastered the part of management that is a science – one translation dubs him a “scientific leader” (21.5) – and that this part is superior to its art aspect, precisely because knowledge perfects the manager. To have this knowledge, Ischomachus says, is to be endowed with the virtue of high-mindedness. For the Socratic manager, this is the crowning virtue that completes the requisite qualities of loyalty, self-control, diligence, industry, piety, honesty, and justice.

** FINIS **

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