

## Intellectual Entrepreneurial Aspects Disclosed in Xenophon's Work "Oikonomikos"

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### Abstract

*In the last two decades the discussion about Intellectual Capital has strongly arisen and covered almost all important aspects of a modern enterprise like managerial, social, personal, cultural and entrepreneurial issues. One of the most important made distinctions concerned its functional or teleological "bipolarity" aspects, the tangible (structural or explicit capital) and intangible (human or implicit capital) knowledge based asset nature. Knowledge played always an important role for the cultural evolution and the broad area of economics and foremost that of praxis oriented managerial, entrepreneurial or leadership philosophy ("life style") could not be an exception, so that the seeking of the wellsprings of our modern ideas and thoughts may be prove as a very fruitful (funda-) mental archeological "excavation". The aim of the present work is to "remind" or maybe to "re-engineer" a re-thinking about ancient economic and intellectual ideas, from ancient thinkers, orators and philosophers. The jovial work of Xenophon "Oikonomikos" is an example for the tempo-intellectual interchange between the tangibles and intangibles elements of knowledge concerning whether the past or our times. Our further declared intention is to remind us that the rediscovering of those tangible and intangible dimensions of ancient knowledge guarantees not only the smooth transmission of past (stock) knowledge to the next generation (flow knowledge) but also forms the real basis for sustainable "added" values and ethical welfare.*

Keywords: Intellectual Capital, Xenophon, Oikonomikos, Economic Thought

### Prolegomena

The entrepreneurial question as an economic phenomenon is not a product of the centuries between the mediaeval and modern era. Economy issues in general were always a major point of interest; just a short reading in historical sources convince even those scientists and specialist which are even "more royal than the king itself". Archaeological artifacts in any form (vessels, clay tablets, cuneiform, amphorae, roundels, stamps, tokens and many others) and in any place (Assyria, Babylonia, Egypt, Knossos, Cyprus, Mycenae, Thebes, Pylos) highlights always the same fact: economic issues, like transactions, payments, contracts, allocations, collections, gifts and offerings were the earliest administrative recordings<sup>1</sup>.

Economy therefore in his general expression as administrative or trade agenda and as an entrepreneurial issue in partial was long time before - in the antiquity - a main discussion construct for the economy's

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1 See Mavridis, 2008b

functioning. The extent of the centrality of the entrepreneur concept has been recognized by the ancient writers and philosophers in Greece<sup>2</sup> and entrepreneurship has been "taught" ("episteme") and also practiced ("techne") in the daily life<sup>3</sup>. Exceptional situations and extraordinary works, like historical wars, great expeditions<sup>4</sup> and discoveries are not imaginable without the support of entrepreneurial mastership and supreme organization<sup>5</sup>. Socratic philosophers, like Xenophon, Plato and his student Aristotle have addressed the concept of the entrepreneur. Especially Xenophon in his work *Oikonomikos* made the distinction the **manager** (knower) and **entrepreneur** (owner)<sup>6</sup>. The entrepreneurial function and entrepreneurship was regarded in the antiquity as a special kind of "profession" because the related businesses were risky and uncertain<sup>7</sup>. Even psychological and behavioral dimensions have been addressed concerning entrepreneurial alertness<sup>8</sup>. In the context of the present paper the most interesting point is that Xenophon<sup>9</sup> had not only recognized the importance of the land (soil) for fruitful harvesting but also the impact of outstanding "entrepreneurial" qualities<sup>10</sup>, skills and knowledge. In this way he was the forerunner of the concept of the "intellectual entrepreneur"<sup>11</sup>.

2 See e.g. the related works of Xenophon (430 - 354 B. C.) especially "Oeconomicus" and "Poroi" (Xenophon, *Oeconomicus*, 1826).

3 Boehm-Bawerk the teacher of Schumpeter (but also himself) must have read Xenophon's opinion about exchange value of goods «... μ πωλούμενοι μὲν γὰρ ο χρήματα εἰσιν ο ἀλλοί, οἱ δὲ γὰρ χρήσιμον εἰσι, πωλούμενοι δ χρήματα» (ibidem, I, 10-12).

4 Like that one of Alexander the Great, who in fact used the experiences of Xenophon's "Anabasis" for his great expedition!

5 Xenophon is the "father" of Physiocratism because he declares land as the source of welfare «τῆς γεωργίας οἱ δὲ ο πάνυ μακάριοι δύνανται πέχεσθαι...» και «Ἄτ γὰρ σως, φην γώ, δη στὴν πονοῦσα τοῖς μὲν πισταμένους ἀτῶν πλουσίως, τοῖς δ μ πισταμένους πολλ πονοῦντας πόρους βουλεύειν ... προσφιλεστάτην θεοῖς τε κα νθρώποις». (ibidem, XV, 4)

6 «στὴν ρα, φη Σωκράτης τῶν τέχνην ταύτην πισταμέν κα ε μ ἀτῶς τύχοι χρήματα χων, τῶν ἄλλων οἶκον οἰκονομοῦντα σπερ κα οἰκονομοῦντα μισθοφορεῖν; ... ε δύνατο οἶκον παραλαβῶν τέλει τε οἶα δε κα περιουσίαν ποιῶν ἀξίειν τῶν οἶκον», (ibidem, I, 4). See also Karayiannis, A. D. (2003), Houmanidis (1992), Lowry (1987)

7 Xenophon points out that success depends on skills and knowledge, otherwise business brings losses «τοῖς μὲν γὰρ εἰκ τὰτα πράττοντας ζημιουμένους ὥρων, τοῖς δ γνώμη συντεταγμένη πιμελουμένους κα θῆττον κα ον κα κερδαλεώτερον κατέγων πράττοντας» (Xenophon, *Oeconomicus*, II, 18). In the chapter twelve and thirteen he is talking about the special entrepreneurial carefulness («φθαλμῶς δεσπότου παχύνει ππον», ibidem, XII, 20).

8 Here addresses Xenophon a bundle of behavioural statements pointing out the importance of rewarding for the brave and industrious (ibidem, XII - XV). He is commenting that the Persian king honours first the fighters (soldiers) and than the farmers, because the first protect the second, but the second provide food to the first. (ibidem, IV, V)

9 «τοῖς δ γνώμη συντεταγμένη πιμελουμένους κα θῆττον κα ον κα κερδαλεώτερον κατέγων πράττοντας» (ibidem, II, 18).

10 Here (Xenophon) is described the classic case of entrepreneurial alertness of discovering opportunities for high corn prices, because Xenophon is saying that «λλ που ν κούσωσι τιμῶσθαί τε μάλιστα τῶν σῆτον κα περ πλεῖστον ἀτῶν ποιῶνται ο νθρωποι, τούτοις ἀτῶν γοντες παραδιδόασι» (ibidem, XX, 22-23).

11 For all the above see Mavridis, 2008a

Connected with the above mentioned entrepreneurial dimension is also the question of the value at all, which goes back to the works of Aristotle<sup>12</sup> first and to the economic views of Xenophon's too<sup>13</sup>.

In the following section two we are drawing the conceptual efforts made by the most known economists - which somehow functions as representatives for all other scientists and researchers - in order to highlight the crucial entrepreneurial "milestones". In the section three almost comparatively to the latter we develop the entrepreneurial concept of Xenophon (mainly based on his work "Oikonomikos") indeed exploring all the elements which constitutes the intellectual dimension of entrepreneurship. In the last section four we put together our conclusions about our analysis of the presented intellectual entrepreneurial ideas and the concluding Xenophontian *intellectual entrepreneur*.

### The "adventures" of the entrepreneurial concept

The entrepreneurial concept itself has its beginning in the antiquity and mainly in the works of the ancient Socratic authors Xenophon and Aristotle<sup>14</sup>. In our contemporary times the entrepreneurial concept has been developed in more details by some thinkers like **Cantillon** (1680-1734), **Jean-Baptiste Say** (1767-1832), **Alfred Marshall** (1842-1924), **Joseph Schumpeter** (1883-1950), **Frank Knight** (1885-1972) and lastly by **Israel Kirzner**<sup>15</sup>. These mentioned economists introduced in their time a paradigm shifting in the conception of the *successful entrepreneurship* or at least they have put an additional accentuation<sup>16</sup>. For all the above economists the crucial points concern

12 For his view see the works of Houmanidis & Leen (2001) and Mavridis (2008a).

13 "They somehow caused the division of the economists and the economic system in two groups or blocks. Aristotle is saying first that the price of goods depends on buyer's own perceived usage utility. This notion addresses the subjective ophelimistic price theory or the capitalistic based view on elasticity of demand (« καστου γαρ κτήματος διτι χρῆσις σιν... μπότεροι γαρ ποδήματος χρήσεις... τιν οκείαν χρῆσιν... λαγῆς νεκεν γέγονε»), Ρριστοτέλης, Πολιτικά, Α8-9, 1257α, 5-15, in: Χουμανίδης, 1990. When goods are objects for exchange ("λαγῆς νεκεν") and not for the own usage ("οκείαν χρῆσιν"), then the related value comes up due to the cost (δαπάνη) of the product's ingredients like material and labour. This second case addresses the objective materialistic price theory which has been first re-developed by the Scholastics in the medieval times and influenced later on the "Marxist view" of added value of labor, because «...μ πωλούμενοι μιν γαρ ο χρήματα εἰσιν ο αλλοί, οδδν γαρ χρήσιμον εἰσι, πωλούμενοι δ χρήματα», (Xenophon, Oeconomicus, I, 10-12). In this way the pricing (profit) approach is predetermined either as a progressive one (progressive cost accounting, expenses oriented) or as a retrograde one (retrograde cost accounting, earnings oriented). So the two economic systems of "capitalism" (subjective, earnings, profit) and materialism or "communism" (objective, expenses, labour cost) found their prodromal theoretic thinker in the person of Aristotle and his value theory. Even Adam Smith in his work "An inquiry into the nature and causes of the Wealth of Nations (1776)" made the distinction between value in use and value in exchange, while Francois Quesnay mentions a valeur usuelle and a valeur vénale. Accordingly there is really "nothing new under the sun!" (Χουμανίδης, 1990, Mavridis, 2008a)

14 For a more detailed analysis see Karayiannis, A. (1990).

15 Karayiannis, A. (Karayiannis, 1988) mentions in his work "Democritus on Ethics and Economics" that Democritus is in many entrepreneurial issues the "teacher" of the above mentioned Socratic philosophers.

16 For the issues of other authors like Schmoller, Sombart, Walras, Weber, Wieser and others see Pittaway, L. (2005) and Ebner, A. (2005)

the entrepreneur's position in the economy as a whole (determination of the demand and supply, expected returns and drivers in the market) but also his role within the firm, the definition of his task, his personality and his abilities<sup>17</sup>.

**Richard Cantillon** (1680-1734) introduced in the modern era the concept of the "entrepreneur" and had acknowledged the entrepreneurial function within the economy<sup>18</sup>. He further distinguishes three types of economic agents: the traditional capitalists or *landowners* (physical capital), the *entrepreneurs* (structural capital) or arbitragers or "equalizers"<sup>19</sup> and the *workers* (human capital). In his concept the entrepreneur is moving between *risk* and *uncertainty*<sup>20</sup>. Therefore cautious forward-looking is requested more than innovation.

**Jean-Baptiste Say** (1767-1832) in his work "A Treatise on Political Economy or the Production, Distribution and Consumption of Wealth" (1803) ascribes to the entrepreneurial concept a "new" dimension which in fact is a very old one (see Xenophon's work "Oikonomikos") and this is the manager's role. The entrepreneur is not like Cantillon's "outdoor dealer" of the economy but the *leader* and *manager*. Say goes further and broadens the narrow entrepreneur concept of Cantillon. His conception regards the entrepreneurial function as an administrative kind of labor. Further Say does not accept the Aristotelian "zero-sum" effect and declares that "the resources get their value after their transformation to useful goods, so that wealth is created through transformational production"<sup>21</sup>. He declares the agriculture industry (*physiocratism*), the manufacturing industry and the commercial industry as the only types of industry which are able to create value<sup>22</sup>. He makes also links between the three mentioned industry types and the three types of knowledge: theoretical *intellective* knowledge (*episteme*), applied *agentive* knowledge (*techne*) and executed knowledge (*praxis*). He regards *episteme* as flowing easily to other national economies (knowledge dissemination). Indeed in the areas of production (*techne*) and distribution (*praxis*) the entrepreneurial functions are the domains, where the entrepreneur creates products for human needs and through this consumption he is gathering all those monetary revenues to use them again as an input for the production of goods. In this way the entrepreneur creates wealth for land owners (*rent for physical capital*), for capital owners (*interest for monetary capital*) and labor owners (*wages for human capital*).

**Alfred Marshall** (1842-1924) with his model of the entrepreneur extended the one of Say by introducing *innovation*, *alertness* and a *general ability* as a supreme quality of the successful entrepreneur. He further introduced aspects on *social infrastructure* of the entrepreneur, like its family (entrepreneurial) background, education and innate characteristics.<sup>23</sup>

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17 See Van Praag (1999) and Jackson et al (2001).

18 Cantillon declares in his posthumous publication "Essai sur Nature du Commerce en Générale" (1755) the entrepreneur as a contributor or enabler or driver for the society's economic value, In: Praag Van (1999).

19 Cantillon sees as the central role of entrepreneur that of the exchanger and equalizer of supply and demand!

20 Landowners and workers are not facing risk and uncertainty because the interest rates as well as the wage rates are contractually fixable, but selling prices not.

21 Mavridis, 2008a

22 See Van Praag (1999)

23 See Van Praag (1999).

**Joseph Schumpeter** (1883-1950) made a significant contribution to the concept of entrepreneur and his most ideas are put in his work "The Theory of Economic Development" (1911)<sup>24</sup>. He is supposed to have shifted the existing entrepreneurial paradigm: "from *manager* to the *leader of the firm*, from *innovation practitioner* (applier or executor) to *innovation creator*, from *exogenous* innovation to *endogenous* one, from *agentive entrepreneur* (*techne*) to *intellective entrepreneur* (*episteme*), from entrepreneur with *agentive potential* to one with *intellective competence* or expertise<sup>25</sup>. Summing up Schumpeter has an entrepreneur in his mind which is an innovator, an engine for economic progress not just its wheels, not an owner of capital or manager, neither a risk bearer, but a dynamic inventor of new business combinations and opportunities. He is moving away from the static exogenous based entrepreneur concept of Cantillon towards to a dynamic one through which the economy is forced to an endogenous based higher equilibrium" (Mavridis, 2008a).

**Frank Knight** (1885-1972) has elaborated the difference between *risk* and *uncertainty* in his thesis "*Risk, Uncertainty and Profit*" (1921). Uncertainty (unlike risk) is a probability without valid basis, without empirical past values. In reality it concerns outcomes of unique events. True uncertainties are supposed to be managed through entrepreneurial judgment and estimation and true business or entrepreneurial decisions never concern probabilities which are based on past data or experience<sup>26</sup>. The remuneration of the entrepreneur is the *residual income* which guarantees the remunerations of the other agents or "*stakeholders*" too.

**Israel Kirzner** puts in his work the *entrepreneurial alertness* for discovering and exploiting profit opportunities in the front. This works as equilibrating force of the market. He recognize that the entrepreneurial function requires a special type of knowledge, a developed perception of opportunities, an increased alertness and the ability for decisions under uncertainty, the bearing of risk and the competence of error correction ("*learning by doing*" or "*trial-and-error*")<sup>27</sup>.

The range of recent research concerning the entrepreneurial agenda includes various aspects and views like extended historical overviews delivered by

- Karayiannis, A. D.:

- 1 "A synthesized theory of entrepreneurship",

- 2 "The Entrepreneurial Function in Economic Literature - a Synoptic Review",

- 3 "Democritus on Ethics and Economics",

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24 He represents the Austrian School (Professor in Vienna and Graz) and was educated under Boehm-Bawerk and influenced by Walrasian general equilibrium thinking ("creative destruction"); see also Houmanidis & Leen, (2001).

25 Houmanidis (Houmanidis, 1991) is mentioning that Schumpeter (and some other...big economists) seems to ignore the contributions of the ancient thinkers like that of Xenophon, Plato but especially that of Aristotle. Additionally we mean that this ignorance is at least a paradoxical point of view, because it is simply absurd to admire the marvellous minted coins of the antiquity and in the same time saying that there is no "economic thought" at all. Commercially used coins and related commercial (economic) thought are the two faces of the same "e-coin-omy". Even money or coin forgery indicates on economic thinking! See Mavridis, 2008a

26 This is the work of computers and common calculators.

27 See also Novάκα & Τακασούτσι(2003), Mavridis, 2008a

- 4 "Entrepreneurship in Classical Greek Literature",  
 5 "Entrepreneurial functions and characteristics in a proto-capitalist economy: The Xenophontian entrepreneur"), classical and neo-classical views delivered by
- Van Praag, "Some classic views on entrepreneurship",
  - Jackson et al., "The continued saga of searching for the entrepreneur: A historical perspective",
  - Pittaway, L., "Philosophy in Entrepreneurship: a focus on economic theories", knowledge based or intellectual oriented contributions offered by
  - Cherwitz, R. A. and Alvarado Boyd, S. , " Intellectual Entrepreneurship: A new approach to increasing diversity",
  - Cherwitz, R. A., "Diversifying Graduate Education: The promise of Intellectual Entrepreneurship",
  - Prusak, L., "Where did knowledge management come from?",
  - Sirec Rantasa, K. "Tacit knowledge, entrepreneurship and innovation",
  - Etemad, H. and Lee, Y., "The knowledge network of international entrepreneurship: Theory and Evidence",
- but also contributions concerning growth, development and knowledge spillovers by
- Acs, Z. J. and Storey, D. J., "Introduction: Entrepreneurship and Economic Development";
  - Acs, Z. J., Audretsch, D. B., Braunerhjelm, P., Carlsson, B., "The Knowledge Spillover Theory of Entrepreneurship";
  - Coulson-Thomas, C., "Developing a corporate learning strategy: creating intrapreneurs",
  - Ebner, A. , "Entrepreneurship and economic development" and
  - Hayton, J.C., "Competing in the new economy: the effect of the intellectual capital on corporate entrepreneurship in high-technology new ventures".

### Xenophon's intellectual entrepreneurial concept

The conversation in the "Oikonomikos" and already in the second sentence Socrates points out that economy is supposed to be a science (« οἰκονομία πιστήμης τίνος νομα στιν, σπερ ατρκή καί χαλκευτικη καί τεκτονική», Xenophon, Oeconomicus, I, 1) and («Οἰκου ἄφῃ Σωκράτης, πιστήμης μῦν τίνος δωμεν μῦν νομα εἶναι οἰκονομία ...», Xenophon, Oeconomicus, VI, 4) like others as medicine, coppersmiths or carpenters. In this passage *episteme* (πιστήμη) is understood rather as *techne* (τέχνη). The difference between them is that *techne* starts at very precise point and ends with a precise product, service or result using a more or less precise procedure. In this context the task of a economy is the creation of surplus («...ε οἰκεῖν τῶν αὐτο οἰκον», Schneider, 1826, Oeconomicus, I, 2, 3) or value added («...ε δύναίτο οἰκον παραλαβῶν τελεῶν τέ σα δε καί περιουσίαν ποιῶν ἀξίειν τόν οἰκον.»), Xenophon, Oeconomicus, I, 4, 5).

Therewith the *oikonomos* is the entrepreneur managing his own business, house or *oikos*. The human capital dimension addressed here becomes strongly apparent, when Socrates points out whether the *oikonomos* would be able to create wealth for somebody else - as e.g. the carpenter works for other peoples. Kritovoulos accepts this fact and Socrates introduces for the first time in the history the dialectical terminus of the **manager** when he is saying (« ἴστων ρα, φη Σωκράτης

τῶν τέχνην ταύτην πισταμέν κα ε μ ἀτῆς τύχοι χρήματα χων, τῶν ἄλλον οἶκον οἰκονομῶντα σπερ κα οἰκονομῶντα μισθοφορεῖν; ... ε δύνατο οἶκον παραλαβῶν τέλει τε οἶα δε κα περιουσίαν ποιῶν ἀξεῖν τῶν οἶκον», Xenophon, *Oeconomicus*, I, 4) that somebody could manage successfully another's house (or business) when himself has not the necessary (starting) capital as entrepreneur but has the knowledge (*techne*) to do his task being paid for that<sup>28</sup>.

The intellectual capital (IC) theory assumes that the sustainable wealth of firms is not the dead tangible capital but the intangible abilities, skills or knowledge of the human beings. This fundamental principle of intellectual capital discussion had been disclosed for the first time in the economic history by Socrates or Xenophon as well. The importance of this disclosure becomes stronger apparent when the question concerns the essence of the *oikos*, house, firm or business. Socrates puts the question whether ones enemies are also belonging to ones economy (*oeco-nomy* or *oiko-nomy*); this because shortly before was agreed that all kinds of belongings concern the economy. With this rhetoric agreement the philosopher highlights another aspect of the intangibility of assets. Tangibles or intangibles are capital only when do not cause losses or said in intellectual capital terms when value added is produced («... ναλίσκουσιν οἶκ εἶς δε μόνον, λλ κα εἶς βλάβην φέρει ἀτ κα τ οἶκ », Xenophon, *Oeconomicus*, III, 5).

Consequently assets are only useful when they are capable to deliver revenues and this has not to do with the asset itself but with its owner or user («ε μή τις πίστατο χρῶσθαι ἀτό... φ ν τῆς φελεῖσθαι δύναται, χρήματα εἶναι», Xenophon, *Oeconomicus*, I, 11, 13). When somebody is not capable of riding a horse or does not know how to cultivate his land he has in fact nothing valuable at his disposal («τοῖς μῶν γῶρ εἶκ ταῦτα πράττοντας ζημιουμένους ἄρων, τοῖς δ γνώμη συντεταγμένη πιμελουμένους κα θῆτιον κα ον κα κερδαλεώτερον κατέγγων πράττοντας», Xenophon, *Oeconomicus*, II, 18). At this point becomes clear that not the tangible assets (*παργύριον*) or elements (phenomena) like horses, land plots or flutes are the key for success and wealth (*χρήματά στι*) but the intangible abilities, skills and know-how (*πίστατο χρῶσθαι*) to ride a horse, cultivate a land plot or play with the flute («... τῶν μῶν πισταμένων χρῶσθαι ἀτῶν καστος χρήματά στι, τ δ μ πισταμέν ο χρήματα», Xenophon, *Oeconomicus*, I, 10).

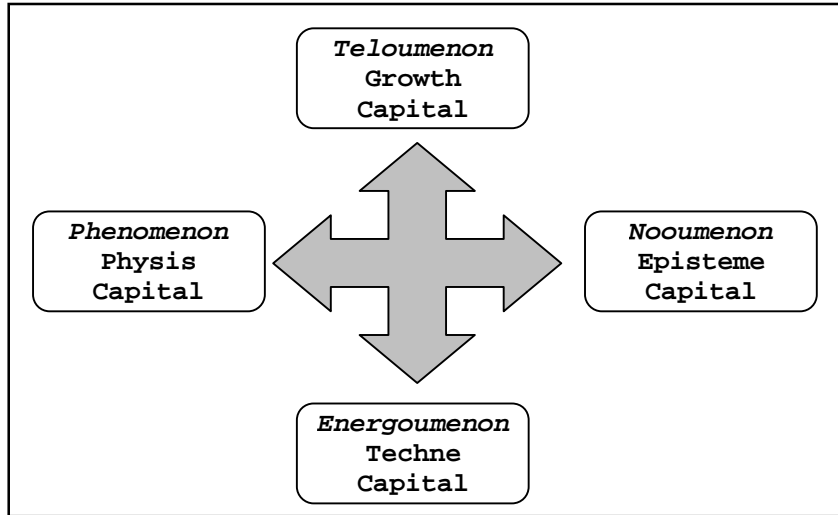
But value added (*χρήματά στι*) could be created even there is a lack of knowledge (human capital) if they could be sold to some one who possess the necessary knowledge to master the "sold structural capital" or handle with the technological products («... μ πωλούμενοι μῶν γῶρ ο χρήματα εἶσιν ο ἀλλοί, οἷδῶν γῶρ χρήσιμον εἶσι, πωλούμενοι δ χρήματα», Xenophon, *Oeconomicus*, I, 10-12)<sup>29</sup>. Therefore not the possession of assets or resources but their right usage («... ναλίσκουσιν οἶκ εἶς δε μόνον, λλ κα εἶς βλάβην φέρει ἀτ κα τ οἶκ », Xenophon, *Oeconomicus*, III, 5) is the crucial point. It is the shifting from tangible to intangible dimension, from asset to

<sup>28</sup> Historically it is the first distinction between entrepreneur and manager, although Schumpeter insisted almost dogmatically to ignore it.

<sup>29</sup> This addresses the problem of the Aristotelian value theory as value of use and value of exchange (« καστος γῶρ κτήματος διττ χρῶσίς στι ... μφότεροι γῶρ ποδήματος χρήσεις...τῶν οἰκείαν χρῶσιν ... λαγῶς νεκεν γέγονε», Πριστοτέλης, Πολιτικά, A, 8-9, 1257α, 5-15, in: Χουμανίδης, Λ. (1990).

usage, from natural (phenomenon) capital to human capital (*nooumenon*), from technological capital (*energoumenon*) to intellectual capital (*teloumenon*) (Figure 1)<sup>30</sup>.

Figure 1: From Nooumenon to Teloumenon Capital



Source: Mavridis, D. G. (2008b)

And Xenophon continues in disclosing intellectual capital issues when saying that even financial assets like money are not value added drivers, especially if they are used in the wrong way («οὐδὲ τὰ ργύρια χρήματα εἶναι εἰ μὴ τις πιστάτω χρῆσθαι αὐτὰ», Xenophon, *Oeconomicus*, I, 12-14). He recommends the owner to give them away («Τὸ μὲν δὴ ργύριον, εἰ μὴ τις πιστάτω αὐτὰ χρῆσθαι, οὕτω πόρρω πωθεῖσθω», Xenophon, *Oeconomicus*, I, 14)) in order to prevent possible damages («Ἐγὼν τις χρῆτο τὸ ργυρίω στε πριάμενος οὐκ οὐταίραν διὰ ταύτην κάκιον μὲν τὸ σῆμα χοι, κάκιον δὲ τὴν ψυχὴν, κάκιον δὲ τὸν οὐκον, πῶς νὺν τι τὸ ργύριον αὐτὰ φέλιμον εἶη;», Xenophon, *Oeconomicus*, I, 13. It is easy in this passage to read "through the lines" that Xenophon forces the capital owner to take the advantage of earning interest or profit from it when he let it be used as "driver" for somebody else's business. Revenues he states further are possible too when the *oikonomos* (entrepreneur or manager) uses his friends well («οὐδὲ φίλοι, νὺν τις πιστήται αὐτοῖς χρῆσθαι στε φελεῖσθαι π' αὐτῶν, τί φήσομεν αὐτοῦς εἶναι;... φελιμότεροί γέ σι τῶν βούων» Xenophon, *Oeconomicus*, I, 14-15) and why not his enemies («...χρήματα εἰσὶ τὰ δυναμένω πό τῶν χθρῶν φελεῖσθαι», Xenophon, *Oeconomicus*, I, 15). In our modern managerial language "friends" are our supporters or customers and "enemies" are our competitors first and in some extent our suppliers and "stakeholders" in general. Therefore good relationships with all "players" in the marketplace are an advantage for the firm enabling so a better functioning and a better economic result. This very point mentioned by Xenophon is in the modern IC theory one of the crucial value added drivers and is called relational capital (SRC) (Figure 2).

<sup>30</sup> This contrasting pairs could be extended to: "dead - head", "static - dynamic", "structure - procedure", "have money - know many", "money hunters - head hunters".



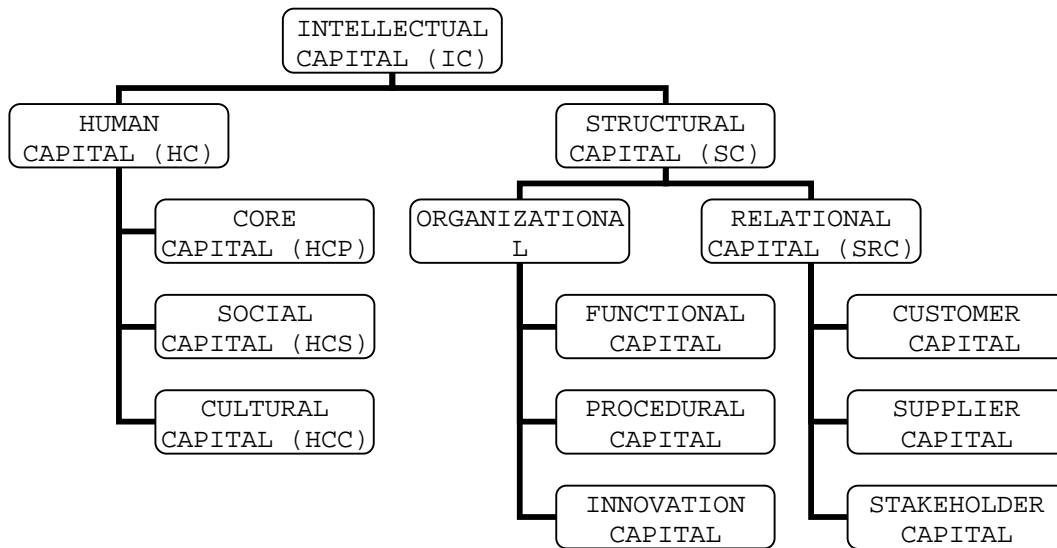


Figure 2: Intellectual capital structure

Xenophon tries to clear the phenomenon of business failure and business success too. He notes that this fact has nothing to do with the tangible assets or resources in general but again with the intangible or cognitive-intellectual dimensions of entrepreneurship. In this context he addresses the issue of *quality* and less that of *quantity* which is still dominating in our modern economy. Accordingly coordination and carefulness paired with cognitive competence avoid losses and enables profits («τοῖς μὲν γὰρ ἐκ τὰτα πράττοντας ζημιουμένους ἄρων, τοῖς δὲ γνώμη συντεταγμένη πιμελουμένους καὶ θύττον καὶ ὄν καὶ κερδαλεώτερον κατέγων πράττοντας», Xenophon, *Oeconomicus*, II, 18). Connected with this is the next point concerning a very modern issue which is known in the managerial theory as the SWOT-analysis. He states that houses (firms) using opportunities (O) and threads (T) in extreme situations like war, tyranny or risky situations transform their weaknesses (W) into strengths (S) and advantages («γὰρ δὴ ῥῆς, φη, Κριτόβουλε, σοι μὲν δὴ ὄκοι διωτῶν ἠξήμενοι ἐσὶν πό πολέμου, σοι δὲ τυράννων», Xenophon, *Oeconomicus*, I, 15-16).

With the forthcoming of the dialog Socrates (or better say Xenophon) touches many other issues of managerial importance, like, the organisation of the house<sup>31</sup>, the alertness of the entrepreneur<sup>32</sup>, the command of the slaves, the impact of education and training («Καί εἰ μὴ χρήματα τίς τύχοι χῶν, μῶς εἶναι τίς πιστήμη οἰκονομίας. Τί οὖν καλύει καί σέ πίστασθαι; ... στε μανθάνειν... τά αυτο διοικεῖν... γῶ δὲ εἰ πειρησάιμι ν τ σ οἰκῶ μανθάνειν οἰκονομεῖν», Xenophon,

<sup>31</sup> In his *Cyropedia* highlights the importance of specialization («οἱ τοὶ κράτιστοι κατὰ γίγνονται ὅν φιέμενοι το πολλοῖς προσέχειν τῶν νοῶν πῶν ῥγον τραπῶνται») (*Κύρου Παιδεία*, B, 1.11, in: Χουμανίδης, 1990 and Xenophon, *Cyropedia*)

<sup>32</sup> Commodities (wheat) are sold there where the best price is paid for (« ἄλλο πῶν ν κούσῶσι τιμῶσθαί τε μάλιστα τῶν σῶτον κα περ πλεῖστον ἀτῶν ποῖνται ὁ νθρωποι, τούτοις ἀτῶν γοντες παραδιδόασι» (Xenophon, *Oeconomicus*, XX, 22-23).

*Oeconomicus*, II, 12-13)<sup>33</sup> the motivation techniques, rewarding and awarding schemes for the workers on the land plots, the coordination and organization of the store or warehouse – he takes as example the well organized Phoenician ships (structural capital – SC, organizational capital – SOC) where a lot of things were in the small place properly stored, but also loaded with profitable trade cargo items without any disturbing<sup>34</sup>. In the contrary case explained the officer of the ship who in his free time controlled the ships equipment God is punishing the careless fools<sup>35</sup>.

## Conclusions

The importance of the entrepreneurial human element (*entrepreneurial human capital*) in the production process was recognised not only from Xenophon but “*koinos topos*” for all thinkers of the ancient Greece. Lowry rightly states that “*the development of human skill was the determinative element in any enterprise, from the management of the household to the administration of a community*” (Lowry, 1987, p. 50). For such intellectual entrepreneur knowledge, information, training, learning-by-doing<sup>36</sup>, skills, experience, competence, expertise, alertness, ethical soundness, right relationships and a taste for righteousness were the absolute necessary ingredients or drivers for productivity either in general or for labour productivity in part. In this context Xenophon wants the intellectual entrepreneur to offer to his labourers and employees (money based) incentives paired with (prestige based) awards. Xenophon the practical philosopher, the thinker and soldier, the intellectual agro-entrepreneur, the first “*physiocratic orator*” of the soil has put the person whether as (land) labourer or (land) owner, whether as entrepreneur or manager (administrator) in the middle of his life and analytic issues about *oikonomia*, stressing always three points:

- Ethical and legal fairness
- Intellectual entrepreneurship (Know-Who)
- Intellectual workmanship (Know-How)

Further the works of Xenophon in general and the “*Oikonomikos*” in part is full of economic, administrative, managerial and entrepreneurial issues, which most of them are today self minded parts of the contemporate corpus of economics.

<sup>33</sup> Note also what Xenophon mentions about learning (“Do not try to be competent without teachers (learning)” «*μὴ γίνεσθαι σπουδαίους νευ διδασκάλων κανῶν*» (Do not regard yourself as important one without teachers), *πομπημονεύματα* (*Memorabilia*), Δ, 11, 2 in: Χουμανίδης, 1990)

<sup>34</sup> “*Εἰς τὸ μέγα πλοῖον τὸ φοινικικόν, πλεῖστα γὰρ σκεύη ν μικροτάτω ἀγγεῖῳ διακεχωρισμένα θεασάμην*” (I have seen in the Phoenician ship that a lot of things are in arranged in small room), Schneider, 1826, *Οἰκονομικός*, VIII, 11-12; “*Γέμει δὲ παρὰ πάντα φορτίων σα ναύκληρος κέρδους νεκα γεται*” (Is the ship full with cargo, which the owner is carrying for profit), Xenophon, *Oeconomicus*, VIII, 12-13); “*Και οἴτω κείμενα καστα κατενόησα ς οἴτε ἀλλήλα ἄμποδίξει*” (and all those are placed so that do not disturb) Xenophon, *Oeconomicus*, VIII, 13

<sup>35</sup> “*ἄπειλε γὰρ θεῶς κα κολάζει τοῖς βλάκας*», Xenophon, *Oeconomicus*, VIII, 16

<sup>36</sup> «*τι μὲν βέλτιον ἄλλο πίσταίτο πιδιδάξαι, τι δὲ χεῖρον πημαθεῖν*» (Teaching what you know well and learning what you don't know well) , Xenophon, *Oeconomicus*, X, 10

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