

## 2.2.2: The Early Origins of Management

### Learning Objectives

1. Be able to describe management in the ancient world.

Table 3.1 traces the development of management thought from the ancient world until the 19th century's Industrial Revolution.

Sumer, located in what is today southern Iraq and the first urban-based civilization, contained the genesis of management. Sumer had a flourishing merchant culture in which goods such as grains, livestock, perfumes, and pottery were sold to customers. Rather than bartering (using one good or service, not money, to pay for another good or service), the ancient Sumerians used ancient clay coins to pay. The sizes and shapes of coins represented different amounts of currency and signaled the types of goods for which they could be exchanged.<sup>3</sup>

What made this level of trade and economic activity possible? The introduction of writing made it possible for merchants to keep track of various trades. And the development of a basic form of coins allowed for increased trade because a person wanting to obtain a good or service no longer had to find another person who wanted exactly the good or service he produced. Coordinating the activities of those who provided goods and those who wanted to purchase them often required coordination, one of the main functions of a manager.

Early Contributor	Outcome
Sumerians	Writing and trade
Hamurabi	Written commands and controls
Nebuchadnezzar	Incentives
Ancient Egyptians	Division of labor, coordination and span of control
Sun Tzu	Division of labor, communication and coordination
Han Dynasty (206 BC-220AD)	Development of bureaucracy
Ancient Greeks	Division of labor
Romans	Standardization
Italians	Accounting, corporations, multinational corporations
John Florio	Management to English language

Source: Adapted from George (1972) and Wren & Bedeian (2009)

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Two additional contributions to the early development of management came from the Middle East. The idea of written laws and commands comes from the Babylonian king **Hammurabi** (1810 BC–1750 BC).<sup>4</sup> The Code of Hammurabi was a listing of 282 laws that regulated a wide variety of behaviors, including business dealings, personal behavior, interpersonal relations, and punishments. Law 104 was one of the first instances of accounting and of the need for formal rules for managers and owners. The code also set wages for doctors, bricklayers, stonemasons, boatmen, herdsmen, and other labors. The code did not, however, include the concept of incentive wages because it set wages at a fixed amount. The idea of incentives would come from another, much later, Babylonian king, **Nebuchadnezzar** (605 BC–c. 562 BC),<sup>5</sup> who gave incentives to cloth weavers for production. Weavers were paid in food, and the more cloth they produced, the more food they were given.

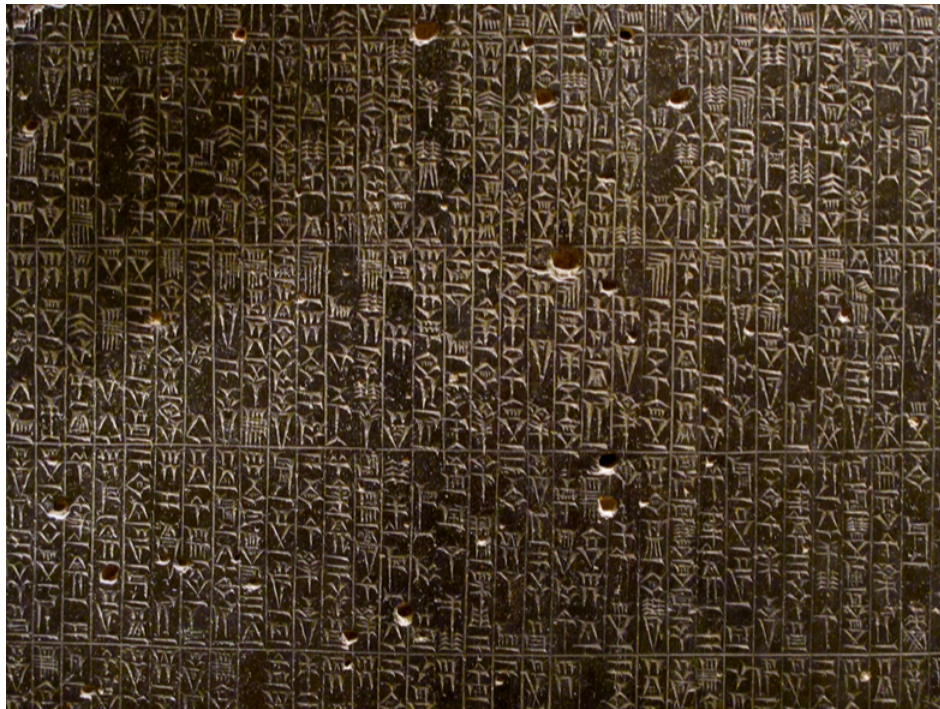


Exhibit 3.3 Hammurabi The Code of Hammurabi is a well-preserved ancient law code, created between 1810 BC and 1750 BC in ancient Babylon. It's a listing of 282 laws that regulated conduct on a wide variety of behaviors, including business dealings, personal behavior, interpersonal relations, and punishments. Law 104 was one of the first instances of accounting and the need for formal rules for owners and managers. (Gabrielle Barni / flickr/ Attribution 2.0 Generic (CC BY 2.0))

The ancient Egyptians made great strides in the building of the great pyramids. The ancient Egyptians were exceptional builders of canals, irrigation projects, and the pyramids, royal tombs whose size and complexity exceeded what the Greeks and Romans<sup>6</sup> were able to build in later centuries. Although we are still uncertain about exactly how the pyramids were constructed, we have some idea that the process required a great number and wide range of slave laborers to construct them. Each laborer would have a different task. Some of the laborers were stonecutters; others were required to push and pull gigantic blocks of stone; still others were required to grease the stones to reduce friction. In this process, we see the management principals of division of labor, coordination, and specialization. These groups of workers were supervised by one individual. In figuring out how best to handle the huge numbers of workers engaged in pyramid building, the ancient Egyptians also pioneered the concept of span of control, that is, the number of workers that a manager controls directly. Anticipating research on this issue in the far, far distant future, Egyptians found the ideal number of workers per supervisor to be ten. In addition, there were various overseers, who had the responsibility to compel workers to produce.

In Asia, the Chinese began to develop the idea of bureaucracy. Bureaucracy has roots in the early dynasties but only became fully developed during the Han dynasty (206 BC–220 AD).<sup>7</sup> The idea was to train scholars in Confucian teachings and use those teachings to make decisions. Unlike modern bureaucracies, this system was not formal but relied upon the discretion of the scholars themselves. Another important development was the idea of meritocracy because selection for and then promotion within a bureaucracy was based on a test of Confucian teaching.

The Greeks (800 BC–400 BC) and Romans (500 BC–476 AD) added a number of important steps in the development of management. Although neither empire was commercially oriented, both Greeks and the Romans undertook a wide range of industrial projects, such as roads and aqueducts, and established various guilds and societies that encouraged trade. The Greeks continued to develop the idea of division of labor based on Plato's recognition of human diversity. The great Greek philosopher Socrates stressed the development of managerial skills such as creating an atmosphere of information sharing and analysis. The Romans' contribution to management was standardization. Because the Romans needed to administer a vast empire, they needed standardization of measures, weights, and coins. Romans also saw the birth of the corporation, in that many Roman companies sold stocks to the public.

Both Greece and Rome saw the continued pestilence of slavery, but due to economic changes that made slavery financially unfeasible, workers were gaining some degree of freedom. They still had masters who determined at what jobs they could work and how those jobs should be done. After the collapse of the Roman Empire, there was a decline in European trade. Scholars refer to

this time as the Dark or Middle Ages (500 AD–1000 AD), due its location between the classical world of the Greeks and Romans and the world of the Renaissance. While there was little trade or economic development in Europe during this period, trade flourished in the Muslim and Chinese worlds. Various travelers, such as 13th-century Italian merchant and explorer Marco Polo, provided readers with tales and goods from those booming societies.

### ? Concept Check

1. What were the contributions of the following groups to modern management: Sumerians, Babylonians, Egyptians, Chinese, Greeks, and Romans?

## References

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4. Wren, D. A., & Bedeian, A. G. 2009. *The evolution of management thought*. (6th ed.), New York: Wiley.
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7. Fairbank, J.K. (1991). *China: a New History*. Harvard University Press. Cambridge.

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