Revisiting Arthashastra – Unveiling the antediluvian Indian Management Canon

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Abstract

Akin to civilizations, businesses are fundamentally human undertakings, designed and built by the preeminence of its people. Likewise Businesses and its Management cannot be studied and practiced using fanciful models and conjured assumptions, and if done so, will be remembered only through fictional recreations. The edifice of the business management system needs to be founded, footed and built on the tenets of the knowledge, practices and patterns of successful philosophies with proven records of accomplishment. In terms of Hofestede’s cultural dimensions India’s managerial culture is unique with high power distance and low uncertainty avoidance meaning that Indian managers in general accept higher concentration of authority and power at the top and have a propensity to avoid risks. Whereas, the Indian management practitioners relentlessly attempt to emulate the borrowed thoughts, values and beliefs of the West and the East (right from Drucker and Machiavelli to Confucius) with meager success. It is inevitable in this context that the Indian business leaders and CEOs look for management models in our own cultural roots, embedded with the philosophies that have been practiced successfully in our home turf. This paper examines (using hermeneutics methodology) Chanakya’s Arthashastra as a forerunner of Indian Management models. A former professor of economics and political science at the ancient Takshashila University, Chanakya details on areas including National security, administration of justice & economic development, devising policies and strategies for material prosperity, resource management, training & discipline and individual conquering of senses. This paper verifies the applicability of the harsh, down-to-earth principles advocated by Chanakya for the success of the individual and the business. Implications for further have also been
presented. Documentation of the management tenets put into practice has also been suggested as a Knowledge management initiative for future generations.

**Keywords**: Chanakya, Arthashastra, governance, training & discipline, conquering senses, resource management, righteousness.

1. **Introduction**

Theories and thoughts of the west have dominated management literatures over the last two centuries. Nevertheless, a careful scrutiny of many of the western management conceptions reveal that they have been practiced and preached in Asian countries especially in India. Our State is in dire need of grassroots, self-organizing politics grounded in veneration for life, nonviolence, tolerance, inclusion, self-control, and justice. Although we are yet to find an acceptable articulation of a global standard, the signs of the struggle to emerge are sure seen.

It is normal to expect the businesses to develop and adopt indigenous management models and suggest leadership styles which revolve around Indian cultural footing and long-established upbringing. When job environments practice western philosophies with entirely different cultural dimensions, the person–organization fit proves to be a strenuous process. For example Indian business units adopting American management philosophy (which is very common) characterized by individualistic, low power distance, and direct style of management is obviously a defying task for the Indians associated with high power, low uncertainty avoidance, low masculinity and low individualism. Thus there is a need for Indians to look for culture-specific management practices.

Indian civilization, with a history of 5000 years is one of the oldest civilizations in the world. Kautilya's Arthashastra is one of the ancient texts with comprehensive lessons to offer. The eminent 19th century British historian Arnold Toynbee wrote that the future will neither be Western nor non-Western. It will rather inherit elements of all cultures. This reinforces once again the reason for the timely experimentation into the Kautilyan philosophy of Management.

The primary purpose of this paper hence, is to explore and create responsiveness among management researchers and practitioners of the existence of the Kautilyan management tenets held in his exposition, Arthashastra. Interpretation and guidelines for application from this treatise in the context of modern management is timely. This study in theory employs the Hermeneutics method of qualitative research which involves the interpretation and understanding of ancient literatures and religious texts.

1.1 **Prelude**

As an individual, Chanaky has been portrayed variously, as a ‘ruthless administrator’, as a ‘king maker’, a devoted nationalist, in philosophical terms a realist, a materialist who accepts the material world as real, a selfless ascetic and even as a person defying
morals (His controversial claims that ‘The ends justify the means’ and that ‘the ruler should use any means to attain his goals and his actions required no moral sanctions’). All his works namely, ‘Arthashastra’, ‘Nitishastra’ and ‘Chanakyaniti’ were unique because of the rational approach and the blatant advocacy of real politics. ‘The Prince’ fetched instant notoriety, identifying Niccollo Machiavelli with political cynicism and deviousness. But Kautilya was considered far harsher by his blunt refutation of morality. But this presumption is palpably wrong. He had dealt with economics, war, politics, diplomacy, statecraft, corporate governance and HRM. He emphasized the significance of dynamism for the growth of a State. He was a stranger to passivity. The objective of a State, according to him was power not just control. He also thought of one’s subjects and one’s adversaries and outlined seven guiding principles that governed the power of a State. Arthashastra also differed from most of the similar texts, for example, the proposition of waging the war differed in Mahabharta and Arthashastra. The former perceived the war as an end, and the later as a means”. Kautilya has also referred various Acharyas including Bharadvaja, Parasara, Visalaksa, Manu, and Kaunapadanta, to name a few. This treatise includes 15 books, 150 chapters & 6000 sutras, covering the elements of policies on national security, economic development, and administration of justice. [Rangarajan. L. N., 1992].

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2. The Tenets of Statecraft, Diplomacy and Corporate Governance

1. Moral principles have little or no force in the actions amongst nations.
2. Alliances are a function of mutuality.
3. War and peace are considered solely from the perspective of what advantages they provide to the instigator.
4. The ‘Mandala’ premise of foreign policy provides the basis of strategic planning of alliances and a general theory of international relations.
5. Diplomacy of any nature is a subtle act of war in contrast to the Clausewitzian view of war being a continuation of polity.
6. Three types of warfare are upheld, the first is open hostilities, and the second is war through concealment and lastly a war that is waged through silence and subterfuge.
7. Seeking justice is the last desperate resort of the weak. [Shamasastry, R., 1967]

One has to remember the context of his writing. Kautilya maintains that before the rise of the State, there prevailed a condition of “might is right”. The anarchism was similar to the ancient Indian concept of Matsa Nyaya - big fish swallowing up the smaller ones, where the strong oppressed the weak, as big fish swallows up the small ones. As demanded in the Contract Theory of the Origin of the State and Kingship, the people elect a king to set an end to the anarchy. They agree to pay to the royal person taxes in return for order. Thus according to Kautilya’s Contract Theory, the people chose the king [Nilima Chakravarty, 1992]. The king was given absolute authority of coercion and fullest powers to award punishment to the wicked. But, Kautilya cautions that unlimited coercive authority would defeat its very purpose and lead once again to Matsya Nyaya. [Ibid].

According to the theory of expansion and war, kings have a natural desire for expansion and the people seek security and peace, which Kautilya says, is possible only less than one leadership. This unification leads to conflict between different states. Subsequently the king or swami sets out to conquer first as a Chakravarti concluding in the concept of Sarvabhauma. Thus the doctrine of mandala underlines the idea of “balance of power”, that encompasses the gamut of international relations.

The sadgunyas and gunas: Kautilya advocates a six fold policy (gunas) for the would-be conqueror (Vijigishu) based on the concept of power (Mandala), to assume the position of a universal ruler (chakravarti)”. Akin to the famed Upayas of the Hindu Diplomacy. The four upayas or approaches were practical ways of achieving the object of diplomacy that existed since the period of the epics. [Bhaskaran. R, 1954]. The upayas advocated were sama-dana-bheda – danda denoting conciliation,
gifts, rupture and force in order. They were actually prescribed as a means of overcoming opposition.

His prescription of Sadgunya for guiding foreign policy consists of six gunas or policies. 1) Samdhi, framing a treaty listing terms of peace, 2) Vigraha, the strategy of hostility, 3) Asana, the policy of opting to remain quiet, 4) Yana, marching on an expedition, 5) Samsraya, seeking shelter with either another king or in a fort, and 6) Dvaidhibhava, the double policy of Samdhi with one king and Vigraha with another at the same time. [Kangle .R. P, 1986]. He holds that samdhi should be resorted to when one is weaker than the enemy, and vigraha when stronger than him. When both are equal in power, remaining quiet (asana) is the right policy, and one of them is stronger, yana should be resorted to. When one is very weak, sheltering behind a fort or behind another king (samsraya) is advised, while dvaidhibhava is the double policy of Samdhi with one king and Vigraha with another at the same time [Ibid, p.251.

Akin to the current day concept of Transformational Leadership Kautilya prescribes gaining popular energy of the people as the wellspring of a King’s power. He also cautions that when the king is not aware of the spirit of his subjects, he will soon find himself easily displaced [ Rangarajan LN ,1992 ].The spirit of the people relates to their adherence to dharma, faith in leadership of the king, and their status of wealth. Carly Fiorina of HP was unsuccessful because she failed to gauge the acceptance of the cultural and structural changes she made when envisions to strengthen HP during her regime as CEO, where as Venusrinivasan of TVS and Jack Welch of GE were looked up as Transformational leaders, since they had an astute methodology to sense the acceptance of their methods among their employees.

Traces of Mahatma Gandhi’s impervious indifference to the powerful neighborhood of India can be identified in the Upeksha of Kautilyan diplomacy. An inferior power when confronting a remarkably stronger power in open warfare, has to resort to Upeksha, an attitude of complete indifference towards superior powered neighbourhood [Krishna Rao MV, 1958]. Kautilya when portraying the king as a constitutionalist who promoted the people’s welfare at all times, in all places and at all costs [Dikshitar, 1953], underscores the need for Employers to be employee-centric.

2.1 Kautilyan Human Resource management
At the heart of the whole portrayal of economis, politics and war science by Chanakya the substance Power and the need for Its pursuit, accumulation and relevance can be seen knitted, and which has also been the only unvarying constant through all of history. It has provided a rationale for permanence and stability and in its own right, been a regulatory agent. Given the international system that we are a part of today and the realism that it encompasses it underscores, of all, the determinants of power, be it military muscle, nuclear or other explicit and implicit applications which express a country’s will to power. Can we say he had depicted it as the ‘competitive advantage’ that differentiates organizations and countries, as well, from others of their class?
2.2 The Human Resource Management tenets

In his observation on training, coaching and disciplining Kautilya mentions about *Sukhasya muulam dharma* meaning the ethics of righteous happiness/prosperity; *Dharmasya muulam arthah* meaning righteousness is resources; *Arthasya muulam rajyam* the basis of resources is the sovereignty/organization; *Rajyamuulam indriyajayah* – the organization is deep-rooted in conquering the senses, and *Indriyajayasya muulam vinayah* meaning conquering the senses is deep-rooted in training & discipline.

When he advises aspirants to ministership he guides them to seek service to a king endowed with personal excellences, marking the lessons for attracting the talented by the HR. It is common that candidates now-a-days seek companies with ethical commitment headed by ethical leaders. When he laid the rules for training leaders he emphasized on study of scriptures, association with elders and ministers, and advices and formal instructions, a pedagogy akin to sensitivity training and under-study of the current day Management Development Programs (MDP). His tenet for effective organization culture includes an extensive list of ‘Do’s and Don’ts’ for all grades. For example, the goldsmith (technical cadre) must possess trustworthy skills, a ministerial aspirant should not indulge in uncultured, untrustworthy or untrue gossip, a magistrate should be impartial, and a minister should not misuse his power for his own pleasure (a tenet very essential for the current day politicians). He insisted that individual traits including bravery, skill, nobility, loyalty and completion of work as ordered needs to be rewarded with being made permanent in their offices, made in-charge of the treasury and army and being given headship in departments. These practices he had advocated should be construed as the tenets of positive reinforcements and performance based reward systems very much practiced in the IT sector units.

When he insisted on the king to store seeds and foodstuffs and show favour to the subjects and constitute public grant of food during famines, he had envisaged the current day PDS (Public Distribution System) and the CSR (corporate social responsibilities) activities and the crisis management systems. He had paved the way for Labour welfare policies when he had insisted that the sons and wives of officers dying on duty shall receive their food and wages. He had not left untouched even the areas of consumer welfare and ecological welfare. He had envisaged the ‘Blue cross’ principles when he had directed his king to establish animal parks and give full protection for injured animals or cattle and horses which were incapacitated for work by war, disease or old age and punishments meted for those who dirty roads, holy places, royal palaces.

It’s time for the management researchers to upturn and look through the annals of the quintessence Kautilyan Arthashastra for guiding principles for short term and long term strategizing and implementation. Though often compared with the Prince of Machiavelli, the brutal realism Arthashastra is, sets Kautilyan management starkly different (the treatment on political domination such as spies, assassination of enemies, and torture, for example) from the not so extreme cultural and political traditions portrayed.
3. Conclusion

3.1 Implications for further research and practice

Kautilyan concepts of organizational beliefs, value based leadership, in-house corporate culture, execution of corporate purposes & plans, and feedback advocated for management of the State and the business can be prescribed, after astute treatment, for Management and Political sciences, as conventional texts at the academic level. Secondly, when the text Arthashastra was first published for the world in English language (translated from Sanskrit) India was under British colonial ruling with most of the advancements, breakthroughs and discoveries geared under the European leadership. The epithet of ‘Managing’ called Arthashastra can be revisited with the objectives of seeking the seeds of realistic Indian management practices entitled so, because they were preached and practiced in this soil several hundred years earlier, for applications in varying cultures of the West and the East.

Third, the Kautilyan technocratic scrutiny of the management of wealth and power was constructive in building the economy and the State (The Mauryan empire) but unaided was insufficient to inspire unity and long term loyalty, since the Mauryan empire faced like its glorified confederacy a glorified descend. The reasons if any from the HR perspective can be explored for its implications for HR practitioners. Documentation of the Kautilyan management tenets already put into practice has also been suggested as a Knowledge management initiative for future generations.

3.2 Summary

Today more than a century later, there is independence and free will with globalization. Even if divisions, some of them deep and a few apparent, do exist in India today, Kautilya is too reflective a dealing to be left to the veteran professors of history alone. It is just the epistemology and pedagogy that matters. Arthashastra no longer should appear arcane to a common man. The Kautilyan age has now arrived, to be preached, practiced, and preserved and, the way we practice our classical dance, music or sacred rituals. We need now an Kautilyan realism with an, say, Gandhian idealism.

The Kautilyan Shastra of Management has thrived, survived and phoenixed again.

References
