

Kautilya's *Arthashastra* in the Context of Management: An Exercise in Hermeneutics

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Abstract

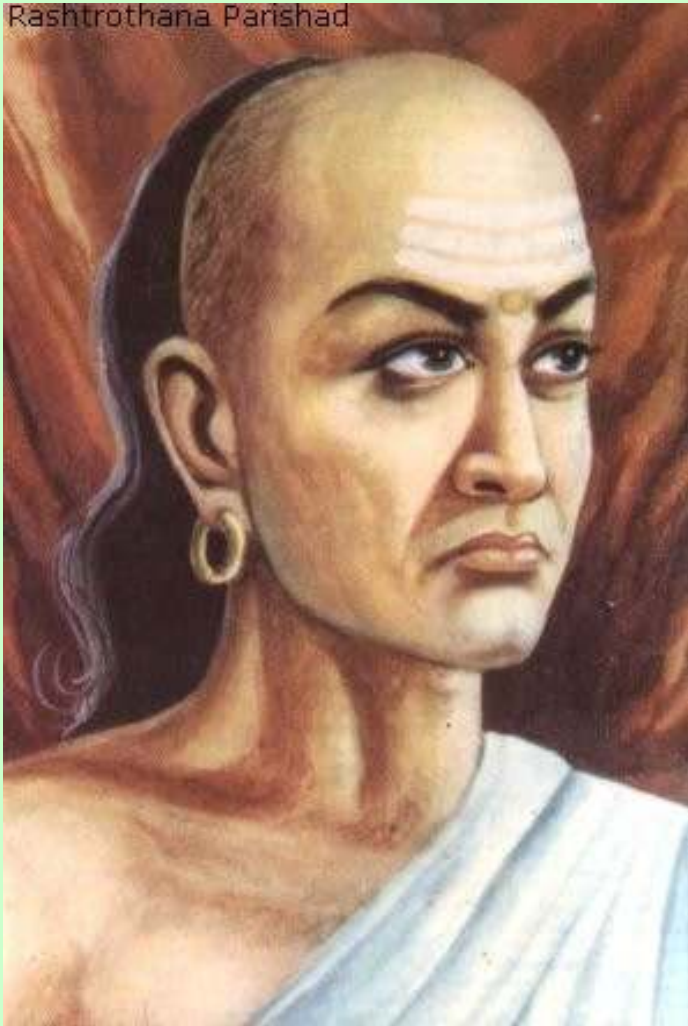
This presentation will introduce and explore an exercise in hermeneutics. Five *sutras* (aphorisms) from Kautilya's *Arthashastra*, have been analysed to provide guidance for organizational management. The findings conclude that Kautilya takes an inside-out approach to management, which is self management first before management of every other thing, unlike the western outside-in approach to management, which focuses in exploring the external world of matter and energy.

Introduction

- **Changing paradigm of management research.**
- **Management as an art or science debate.**
- **Interdisciplinary approach to management.**
- **Religious, philosophical & historical approach to management.**
- **Outside-in & inside-out approaches to the management practice.**

Kautilya, Chanakya or Vishnugupta

Rashthrothana Parishad



- Authored Kautilya's *Arthashastra* & Chanakya *Neeti* in the 4th Century BC.
- Professor of Politics & Economics at Taxila University.
- Pulled down Nanda Dynasty
- King maker – Chandragupta Maurya.

Kautilya's Arthashastra

- **A treatise on political economy, written in *Sanskrit*.**
- **It is often compared to Machiavelli's *The Prince* .**
- **It contains 15 books, 150 chapters & 6000 sutras.**
- **It covers three parts namely; national security issues, administration of justice & economics development policies.**
- **It is a book on 'Total Management'.**

Objectives of the Presentation

- **To explore and discuss the application of hermeneutics in management.**
- **To create awareness to readers of management on the existence of ancient management literatures such as the *Arthashastra*.**
- **To explore the need to rework on the basic foundations of management.**

Methodology – Hermeneutics 1



- **qualitative research methodology used in social science research.**
- **a study, understanding and interpretation of ancient or classical literatures.**
- **analysis of languages and content analysis or text analysis of a literature.**

Methodology – Hermeneutics 2



- Identify – discover the best practices from the literatures.
- Investigate – analyze the content & context of the text.
- Interpret - its relevance to management today.
- Integrate – adopt, modify the lessons into management practice.

Literature Review 1

- **Management is culture specific, also multidisciplinary: It applies the disciplines of psychology, social psychology, sociology, politics, economics, cultural anthropology, law, finance and philosophy (Muniapan, 2005).**
- **The interest in religious, philosophical (also historical) studies in management are increasing (Kale & Shrivastava, 2003).**
- **Chinmayananda (2003) asserted that ancient philosophies needs intelligent re-interpretation to apply effectively in the context of modern times.**

Literature Review 2

- ***Artha* is one of the of life (*Purshartha*) besides *dharma, kama & moksha*.**
- **In his *Arthashastra*, Kautilya made references various *Acharyas* who include Bharadvaja, Visalaksa, Parasara, Manu, Pisuna and Kaunapadanta, among others.**
- **The earliest *Arthashastra* can be found from the *Ayodhya Kanda* of Valmiki *Ramayana* and in *the Santi Parva* of the Vyasa *Mahabharata*.**

Literature Review 3

- Several studies have been done on various aspects of *Arthashastra* by Kautilya, however studies specifically in the context of organizational management is limited.
- Kumar & Rao (1996) conducted a study of value based management from Kautilya's *Arthashastra*.
- Narayana (2002) integrated Kautilya's *Arthashastra* into strategic leadership.
- Garde (2003) made a study on Canakya 's (Kautilya) aphorisms on management.

Literature Review 4

- **Sihag (2004) researched Kautilya on the scope and methodology of accounting, organizational design and the role of ethics in ancient India.**
- **Radhakrishnan (2005) identified and exposed some of the Kautilyan management fundamentals.**
- **Muniapan & Shaikh (2007) explored lessons in corporate governance from Kautilya's *Arthashastra* in ancient India.**

Selected 5 Kautilya's Aphorisms

- 1. *Sukhasya mUlam dharma* – the basis of happiness/prosperity is righteousness (ethics).**
- 2. *Dharmasya mUlam arthah* – the basis of righteousness is resources.**
- 3. *Arthasya mUlam rajyam* – the basis of resources is kingdom (organization).**
- 4. *RajyamUlam indriyajayah* – the organization is rooted in conquering the senses.**
- 5. *Indriyajayasya mUlam vinayah* – conquering the senses is rooted in training & discipline.**

***Sukhasya mUlam dharma* - the basis of** **happiness is righteousness**

- **The first *sutra* starts with happiness & the purpose of management endeavors is to generate prosperity to the stakeholders.**
- **The happiness is to be based on ethics/righteousness**
- **Similar lessons are also found in the *Ramayana*, *Mahabharata* (includes the *Gita*), other *Vedic* literatures & *Thirukkural*.**
- **Confucius also propagated the idea of an ethically run state in the 6th Century B.C.**

Kautilya on the Happiness of Leaders

In the happiness of his people lies the happiness of the leader, their welfare is his welfare. He shall not consider as good only that which pleases him but treat as beneficial to him whatever causes happiness to all people.

PrajA sukhe, sukham rAgya, prajAnam cha hite hitam; nAtma priyam hitam rAgya, prajAnam tu priyam hitam (1.19.34).

Kautilya on Leadership

Kautilya had stated that as a king (leader) is, so will be his people (followers) – *yatha raja, thatha praja*. Kautilya emphasized the importance of leadership by example. The leader of any organization should be able to maintain high standards while running an organization. If the king is energetic, his subjects will be equally energetic. If the leader is slack (and lazy in performing his duties) the subjects will also be lazy, thereby, eat into his wealth. Besides, a lazy king will easily fall into the hands of the enemies. Hence the king should himself always be energetic.

Dharmasya mUlam arthah – the basis of **righteousness is resources**

- According to Kautilya, *dharm*a without resources is toothless & resources without *dharm*a is useless.
- Resources will make ethical conduct or behavior possible & vice versa.
- *Subha* (goodness or auspiciousness) must come first, then *lAbha* (gain or profit).
- Management must strive to generate resources based on ethical conduct or behavior.

Arthasya mUlam rajyam – the basis of resources is kingdom

- **To generate resources you need an enterprise, organization, team or a unit.**
- **Resources generated by organizations includes manpower development, money, machinery, materials, methods & markets.**
- **Further generation of resources requires expansion of the kingdom (organization) not by war but through market & product development, market penetration and diversification strategies.**

Kautilya on Organizational Management

Managing an organization need to be carried out with help of senior leaders or management thinkers. One wheel does not support transportation, therefore it is necessary to appoint senior leaders or management thinkers and listen to their opinion.

Sahaya sAdhyam rajAtvam, chakram ekam na pravartate; kuruvitam sachivAn tasmAt, tesham cha shrunume matam (1.7.9).

RajyamUlam indriyajayah – organization **is rooted in the conquest of senses**

- **Victory over the senses means control of 5 organ of sense (eyes, ears, tongue, nose & skin), & 5 organs of action (hands, feet, mouth, genitals, & anus).**
- **Only a leader who has conquers the organs of his body would be able to put organizational interest first before his self interest.**
- **This also involves control of 6 enemies within – *kAma, krodha, lobha, mada, moha matsara* (desires, anger, greed, arrogance, infatuation & envy), also includes *mana & harsa* (pride & foolhardiness).**

Indriyajayasya mUlam vinayah –
conquering the senses is rooted in training

- The first chapter of *Arthashastra* is '*vinaya adhikarikam*' or book on moral training.
- The conquest of senses is rooted in discipline & training in ethics & morals – should begin from childhood.
- The control of the mind, all experiences such as happiness/sorrow, gains/losses, victory/defeat, hot/cold should be taken with equanimity – *brahma bhUtah*.
- *Bhagavad-Gita*, Chapter 3.19 – duty without attachment to the fruits.

The Impact of Kautilya's *Arthashastra*

- **Chandragupta Maurya was considered to be the unifier of India during the 4th Century B.C.**
- **Mauryan Empire was continued by his son Bindusara and by his grandson King Asoka .**
- **Mauryan Empire expansion included Afghanistan, all the way to the border of Persia (Iran), extending to Bengal.**
- **Today, a careful study the *Arthashastra* will be useful for expanding business empire.**

Conclusion

- **There are many concepts from Kautilya's *Arthashastra*, which are still applicable in today's management. A deeper study of the book will open many new areas of management concepts, which is yet to be known and practiced in the modern management.**
- **More studies in other areas of corporate management such as strategic management, financial management and human resource management from Kautilya's *Arthashastra* are likely to be undertaken for future research.**

**Questions, Queries,
Comments, Complaints,
Clarifications?**

Thank You