

KAUTILYA'S VIEW ON MANAGEMENT

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Abstract:

This paper explores the Arthashastra of Kautilya, an ancient Indian literature (4th Century B.C.); and its perspectives on organizational management today. Chinmayananda (2003) asserted that from time to time there is a need to look and re-look at the ancient literatures and provide intelligent interpretation and re-interpretation to apply effectively in the context of modern management. The methodology used for this purpose is called hermeneutics; which is a study, understanding and interpretation of ancient text. It is one of the qualitative research methodology used in social science. The foundations of management in organization are revealed from the Arthashastra, which can provide guidance to present managers and leaders of organizations. In his Arthashastra, Kautilya takes an inside-out approach to management, which is self management first before management of every other thing. He advised the future organizational managers and leaders to firstly conquer the enemies within such as desires, anger, greed, arrogance, infatuation, envy, pride or ego and foolhardiness, as it is often said that one who conquers the self, conquers all. The prospects of analysis of Kautilya's Arthashastra in other areas of organizational management such as strategic management, human resource management and financial management can be considered for future research.

KEYWORDS:

Kautilya's Arthashastra, Ancient India, Management of organizations, Hermeneutics.

INTRODUCTION

The interest in the field of history, philosophy and also culture especially in the context of Asian management is growing as the number of articles on philosophy and related areas in management journal are also increasing (Kale and Shrivastava, 2003). Theories and concepts of modern management from the west have also dominated management literatures over the last two centuries. This dominance is largely due to the colonization and the widespread use of English language. This dominance is also evidenced through several management curriculum in universities, textbooks, training and consultancy programs and also articles in management journals. However, a careful analysis of many of the western management theories and concepts reveals that it has been in practice in Asian countries especially in India and also in China for centuries. These practices however were not in the context of organizational management but in the context of state or political governance. From the perspectives of the author, management is culture specific. Sharma (2001) argues that for a management system, to be effective, it has to be rooted in the cultural soil of the country, where it is practiced. Many communities and countries in the world are now trying to discover and explore their own system of management. In the Malaysian context, the current Prime the Indian management has a strong philosophical tradition which continues to sustain the interpersonal world in

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Indian organizations (Chatterjee, 2007). The Indian civilization, with recorded history of more than 5000 years is one of the oldest civilizations in the world and the Asian Social Science contribution of India and Indians to this world is enormous in various fields of knowledge. Several ancient Indian classics such as the Valmiki Ramayana, the Mahabharata (includes the Bhagavad-Gita), the Puranas, etc offers several management lessons which can be useful even in the modern context. Many of these literatures are more than 5000 years ago and were written in Sanskrit. In this paper the Arthashastra by Kautilya originally written in Sanskrit is explored in the context of organizational management.

THE BROAD PURPOSE OF THIS PAPER

Research works in analyzing ancient works such as the Kautilya's Arthashastra in the context of modern management practices is indeed limited. Indians management in particular, are still focusing in applying western models of management practices due to the wealth of western management literatures and concepts available. According to Arindam Chaudhuri, one of the preacher of Theory "I" Management or Indian management, although India has some of the best management schools in the world, most Indian organizations have not been able to do well internationally. Among the reasons cited is the failure of Indian management to develop the indigenous management style, which revolves around Indian cultural roots and upbringing. He (Arindam Chaudhuri) further asserted that an Indian grows up in a system, where family ties and sense of belongingness gets top priority and with this type of background, he or she may not be able to adjust or fit into the job environment practicing American philosophies of individualistic, direct, low power distance and contractual style of management (Chaudhuri, 2003). In an earlier study by Hofstede in 1983 on "National Cultures in Four Dimension" (cited in Deresky, 2006, p 93-96), India is high in power distance as employees acknowledge and respect the authority of the manager based on his or her legitimate power and they seldom bypass the chain of command. Besides high power distance, India has a low uncertainty avoidance, which means managers have a propensity for low risk decisions and employees exhibit little aggressiveness. India also has low masculinity and low individualism, which means group, family and society, is more important than individuals. As a result a management culture, which is based on highly individualism, masculinity, uncertainty avoidance and low power distance, might not be appropriate in the context of Indian management culture. This means that there is a need for Indians (Asians) to look management models from their own cultural roots, and Kautilya's Arthashastra is one of the ancient literatures which can serve this purpose. Kautilya's Arthashastra has a lot of lessons to offer to organizational management, yet there are many managers from outside India and even Indians who are not aware of the lessons of Kautilya's Arthashastra in organizational management. As a result, one of the purposes of this paper is to create awareness to the management readers of the existence of Kautilya's Arthashastra and its management lessons besides to explore five Kautilya's sutras (aphorisms) of Kautilya and its relevance on the foundations of management in organizations. It is also important to look at this ancient management text, as Chinmayananda (2003) asserted that from time to time there is a need to look and re-look at the ancient literatures (such as the Kautilya's Arthashastra) and provide intelligent interpretation and re interpretation to apply effectively in the context of modern management.

METHODOLOGY

This paper is based on a qualitative research methodology called hermeneutics. Hermeneutics is related to the name of the Greek god Hermes in his role as the interpreter of the messages of the gods. In the current context, hermeneutics can be described as the interpretation and understanding of ancient literatures and religious texts. A hermeneutic is defined as a specific system or method for interpretation, or a specific theory of interpretation. The scope of hermeneutics also includes the investigation and interpretation not only of ancient texts, but of human behaviour generally, including language and patterns of speech, social institutions, and ritual behaviours. Kautilya wrote his Arthashastra in Sanskrit language. Sanskrit is one of the oldest languages in world and it has also influenced many other languages in Europe and also in Asia. Arthashastra was written for the pupose of managing a skingdom or a country. The sutra needs to be commented upon, and interpreted for correct understanding and use. For example in explaining the Arthashastra in the context of management, the term rajya (state) is interpreted to the organization, the raja or king is the leader or the chief executive officer (CEO), amatya or mantri (ministers) are the managers of various departments such as finance, marketing, human resources and operations, kosh is refers to finances, danda the administrative or the management system, durg, the security system and bal the work force.

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MANAGEMENT AND KAUTILYA'S ARTHASHASTRA

Management is an interdisciplinary field with contributions from various fields such as psychology, social psychology, sociology, anthropology, political science, economics and finance (Muniapan, 2005:b). Contemporary management also includes issues related to cross-cultural management and international management. Increasingly the understanding of management is coming to depend on understanding, analyzing and predicting organizational behaviour, which is the basis for human resource management. One of the keys to successful management is the ability to understand and apply management principles and techniques efficiently and effectively. Managers must develop an in-depth knowledge of past and present models, theories and processes to manage effectively and intelligently. Contemporary management practice is pervasive in every aspect of human life within all types of organizations. The Kautilya's Arthashastra deals with different aspects management which includes strategic management, financial management, accounting, human resource management, corporate governance, social responsibility, etc. The first five (5) Kautilya's sutras (aphorisms) itself provides relevance on the foundations of management in organizations as follows

- (1) Sukhasya mulam dharmah – the basis of happiness is righteousness or ethics
- (2) Dharmasya mulam arthah – the basis of righteousness or ethics is resources
- (3) Arthasya mulam rajyam – the basis of resources is kingdom (organization or enterprise)
- (4) Rajyamulam indriyajayah – organization or enterprise is rooted in conquering the senses
- (5) Indriyajayasya mulam vinayah – conquering organs is rooted in training and discipline

The above five sutras (aphorisms) although written in a different context, a careful analysis and interpretation reveals basic lessons in foundations of management. In these sutras, Kautilya analyses the entire management issues in following ways and lets look at it from the contemporary organizational management: Why do we have to do business? To generate wealth (artha) and to earn profits. For what purpose wealth and profits are generated? To share the wealth and profits earned among the shareholders. Why? Wealth and profits makes the shareholders, employees, customers, suppliers, distributors and also the government happy. However Kautilya stated that happiness is obtained not by wealth and profit only but by doing things rightly and doing right things (sukhasya mulam dharma). Dharma without wealth according to Kautilya is toothless (dharmasya mulam artha), and wealth without dharma is useless because a poor person cannot support the entire society. Indian culture has always emphasized that sukhasya mulam dharma and dharmasya mulam artha taken together – namely wealth does not lead to directly happiness. Happiness for self and others results through ethical behavior: wealth or resources make ethical behavior possible. This also means that one must strive to generate wealth – resources, money – share it equitably to create happiness for oneself and others. Such generation of wealth must also be through ethical means, which alone would lead to overall happiness (Garde, 2003). Kautilya further stated to generate wealth you require an enterprise or an organization or an asset (arthasya mulam rajyam). He then stated the support for organization is the organs (rajyasya mulam indriyajayah), the functions, processes, activities, etc. The victory over organs of the body, which is the literal meaning of the word indriyajayah, is a well-known concept in the Indian culture and this refers to the control over the five organ of sense (eyes, ears, tongue, nose, and skin), an on five organs of action (hands, feet, mouth, genitals, and anus). Conquering the body organs are manifested through control over the six enemies of the mind – desires (kama), anger (krodha), greed (lobha), arrogance (mada), infatuation (moha), envy (matsara). Only the governor or CEO who has conquered the organs of his body would be able to put the goals of the organization first, especially when in conflict with self-interest (Muniapan and Shaikh, 2007). Kautilya also maintained that a leader (king) should have no self-interest, happiness and joy for himself, his satisfaction lies in the welfare (happiness) of his people, i.e. he has to submerge his personality into the larger personality of his people. Kautilya states in the happiness of his subject lies the happiness of the king; and in their welfare lies his welfare. He shall not consider as good only that which pleases him but treat as beneficial to him, whatever pleases his subjects (Prajasukhe sukham rajnah, Prajanam cha hite hitam; Natmapriyam hitam rajnah, Prajanam tu priyam hitam) or the welfare of the many and the happiness of the many (Bahujana sukhaya bahujana hitayacha). In fact, this concept of the happiness of the many need integrated into the area of corporate management as the basic principle. The advice can also be found in Shanti Parva of the Mahabharata, wherein the public interest (welfare) is to be accorded precedence over his (leader's) interest. A leader (king) should, without doubt, look upon the subjects as his children. In determining their disputes, however, he should not show compassion. In performance of his duties he is enjoined to be impartial. Thus the Kautilyan principle of management takes an inside-out approach to management, which is self management first before management of every other thing. The manager needs to be trained to discipline the self by cultivating

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humility, the ethical path (dharma).

CONCLUSION

Kautilya's Arthashastra is one of the ancient Indian literature which had provided some insights to management, although the context it was written was for kings to govern the state. There are many management concepts from Kautilya's Arthashastra, which are still applicable in today's organizational 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. The author hopes that more studies in the areas of organizational management such as strategic management, financial management and human resource management from Kautilya's Arthashastra can be undertaken for future research.

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