

Management Fundamentals in Kautilya's Arthashastra – I



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This is the first of a series of articles on management principles as seen in Kautilya's *Arthashastra*. The author, Sri Radhakrishnan Pillai, has done the 'Interdisciplinary Sanskrit and Indology Course' on *Arthashastra* in the Chinmaya International Foundation, with Dr. Gangadharan Nair, Dean of Shree Shankaracharya Samskrit University, as his study guide. Radhakrishnan is also the founder-director of Atma Darshan, which has won even international honours in the field of spiritual tourism within a short span of three-and-a-half years. His experience in the field of marketing and logistics in the last thirteen years gives an interesting practical edge to the articles.

Introduction

Management is a subject that evolved as a science starting mid-20th century. Peter Drucker is crowned with the title of 'Father of Management' and is also called a Management Philosopher. Today we find that managers including 'management trainees' are in high demand in the corporate world and it is the highest paid profession across the globe. We can see the large number of students who are racing to do MBA

courses from best possible institutes due to this demand.

A company or a corporation today is much more than a business machine. They are employment generators, wealth creators and socially responsible entities. No doubt most of the Fortune 500 companies are 'Semi-Governments' by themselves. They have a large say in decision making and policy formation at both national and international levels. Therefore Management and managers

have direct and indirect import on our daily lives.

The quality of managers being produced at Management institutes and the output of managers in various organisations is an essential area that we need to monitor on a regular basis. Countries are getting compressed and the world is becoming a global village. Only if our generation can generate value-based and principle-centred leaders, can we look forward to a peaceful, co-operative and productive world which is the dream of great visionaries.

Good and effective managers are required in most fields and not just in business enterprises. The areas of politics, science, law, health, defence and even spiritual organisations are looking forward to good managers and to opinions and suggestions of management thinkers.

Indians are occupying top positions in some of the best companies across the globe. They are in high demand to run companies productively and efficiently. Many of them have also started companies which show tremendous growth rates year after year.

India has always been a country of 'thinkers'. Bharat means a country that revels in

'knowledge'. We have contributed some of the greatest theories and concepts in all fields which had helped in the development of human civilisation.

Today, most of the companies are run, based on concepts that evolved from the West, mostly America, and Japan. Every country has its own unique culture and so its Management style also has to be unique to fit into its own culture. Americans developed their own management system, so did the Japanese. So, what is the Indian Management System and how is it different from other systems and theories?

Do we have anything 'unique' to contribute to the evolving thought of Management research and study? This is an area of discussion in most of the Management forums, seminars and conferences.

When such questions crisscross our minds, we need to ask ourselves a fundamental question – is Management just a 50-year-old science? What are the Management principles due to which India was such a prosperous nation for over 5,000 years of history?

To understand this we need to look back into our ancient Scriptures. While digging the

treasures of knowledge our *Rishis* left for us, we come across a unique book called *Kautilya's Arthashastra*.

Background of Arthashastra

Kautilya's *Arthashastra* is the oldest book on Management available to the world. It was written by Kautilya (also known as Chanakya and Vishnugupta) around 350 BC. When literally translated, it means 'Scripture of Wealth'. The main focus of the book is on the creation and management of wealth.

However, the book is a masterpiece which covers a wide range of topics like statecraft, politics, military warfare, law, accounting systems, taxation, fiscal policies, civil rules, internal and foreign trade etc. It also covers various technical subjects including medicine, gemmology, metallurgy, measures of length, tables of weights and divisions of time, among many others.

No wonder scholars down the centuries have time and again described Kautilya as a rare mastermind who could be an expert in so many varied and specialised fields.

Kautilya was responsible in bringing down the Nanda dynasty and establishing his

able student Chandragupta Maurya on the throne as the emperor. Hence he is called a 'King Maker'. He is also credited to have masterminded the defeat of Alexander in India when the latter was on his march to conquer the world.

As a political thinker, he was the first to visualise the concept of a 'nation' for the first time in human history. During his time India was split into various kingdoms. He brought all of them together under one central governance, thus creating a nation called 'Aryavarta', which later became India.

He documented his lifelong work in his book *Kautilya's Arthashastra*. For ages, rulers across the world have referred to the *Arthashastra* for building a nation on sound economics, based on spiritual values. Emperor Ashoka is supposed to have built and expanded his kingdom on the principles described in this book. Shivaji, the ruler of Maharashtra, is said to have studied this book in order to plan and defeat the Mughals. The forts that he built and the navy he created stand till today as an example for all of us to be proud of.

Even though India and Indians never forgot the

Arthashastra, the study and practical application of the book lost its importance for quite a few centuries.

However, apart from being seen as a scholarly work, this book today needs to be once again presented to all, for practical application in today's world. The book has many principles and techniques, which once applied, can cause a tremendous improvement even in our day-to-day management of things and situations.

Kautilya's *Arthashastra*

We find the roots of *Arthashastra* in the *Rig Veda*. The *Arthashastra* deals primarily with Economics, Politics or Statecraft and Punishments; therefore it is also called *Dandaniti*. The *Arthashastra* is a book based on pure logic, *Anveshiki*. Most of our ancient Indian books start with the invocation of a deity before the writing of a book – in most cases, Ganesha, the Lord who removes obstacles, and Saraswati, the Goddess of Knowledge. However, in *Arthashastra*, we find that Kautilya begins by invoking Sukracharya and Brihaspati.

Om Namah Sukra-

brihaspatibhyam

Om. Salutations to Sukra
and Brihaspati

There is an important insight we can get from this. Kautilya invokes the two great *Acharyas* (*Gurus*) of the *Asuras* and the *Devatas*. We find in the *Puranas* that the *Asuras* and the *Devatas* were enemies and hence had two different viewpoints. This means that, Kautilya has considered both the differing viewpoints of the extremes before reaching any decision. Edward de-Bono, the world-renowned thinker of 'Lateral Thinking' said, "The most intelligent man is the one who can look at two different contradictory viewpoints at the same time and arrive at his own decision." This is the quality that a leader has to develop when there are people coming to him with contradictory viewpoints. The book is based on logical discussions taking into consideration all kinds of ideas of various *Acharyas*.

The *Arthashastra* contains nearly 6000 *sutras* divided into 15 books, 150 chapters, and 180 sections. The 15 books contained in the *Arthashastra* can be classified in the following manner: Book 1 on 'Fundamentals of Management', Book 2 dealing with 'Economics', Books 3, 4

and 5 on 'Law', Books 6, 7 and 8 on Foreign Policies, and Books 9 to 14 dealing with 'war'. Book 15 deals with the methodology and devices used in writing the *Arthashastra*.

Another interesting and note-worthy fact is that Kautilya's *Arthashastra* is not the first *Arthashastra*. From a number of quotations and references in later works, we know that there were at least four distinct schools and thirteen individual teachers of *Arthashastra* before Kautilya. Throughout the book he makes references to these various *Acharyas* who include Bharadvaja, Visalaksa, Parasara, Manu, Pisuna and Kaunapadanta, among others. The greatness of Kautilya was that he made the principles contained in his *Arthashastra* so applicable that probably the previous *Arthashatras* got lost with passage of time. The very reason that this book has come down to our generation after over 2200 years shows that he had really fine-tuned each concept in such a detailed manner that it survived the test of time. This shows the farsightedness of Kautilya. He has worked on the psychology of the human mind that never changes with time.

Management Aspects

Though the book covers various topics, in the following series of articles, we will be limiting ourselves to the Management areas in the *Arthashsatra*. Book 1, 'Concerning the Topic of Training', is taken up, as many aspects of the Fundamentals and Foundations of Management are contained in it. It has 500 *sutras*, divided into 21 chapters and 18 sections. We will also be making a few references to the other books of *Arthashatra* where topics of Management have been dealt with.

The areas covered under Management include - training, management education, leadership skills, selection of employees, consultation, crisis management, risk management, strategic management, corporate governance, information systems, intelligence network, competition, mergers and acquisitions, etc. among many others.

We will be taking an overall view of all these topics in the following articles.

Some may ask, 'Is this book written over 2200 years ago still applicable in today's Management world?' To this, great thinkers have responded, 'The

Arthashastra is a book about the management of the 'human mind', which has remained quite the same over the ages'.

Who can benefit from the Management insights from the *Arthashastra*? They could be business leaders, managers, politicians, chartered accountants, human resource personnel, management trainers, man-

agement consultants, intelligence agencies, public/civil servants, government officials, military personnel, students of various fields, etc. In fact Kautilya's *Arthashastra* is a must for every intelligent person irrespective of which profession he belongs to.