

## ROLE OF LEADER IN CORPORATE SECTOR: AN INSIGHT TO ARTHASHASTRA

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### **Abstract**

The basic objective of corporate management is to scientifically handling of various elements of management. The success of corporate sector depends on the efficiency of the leader of the organization in utilizing the available resources within and outside of the company. There are stark similarities between administrative structures of present day modern organizations and governing a monarchy as depicted by Kautilya in Arthashastra. Kautilya has directed that a king (may be identified as a leader or CEO in the context of organisation) should try to establish a welfare nature of state with a key role in the protection and promotion of the economic and social well-being of its citizens (arthamulau hi dharmakamaviti). Kautilya's Arthashastra can also be called as a treatise on leadership and it gives more values on leadership than any other subject.

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## Introduction

According to Kautilya, the King can rule properly to govern like a concern father. Kautilya has opined that a king should not have any self-interest, happiness and joy for himself. His satisfaction lies in the welfare and happiness of his people, i.e. he has to submerge his personality into the larger personality of his people (*Praja Sukhe Sukham Rajya*). Kautilya states that the happiness of the king lies the happiness of his subject; and welfare state means welfare of the people. (*Bahujana sukhaya bahujana hitayacha*).

Kautilya has mentioned that “Control over the senses, which are motioned by training in the sciences, should be secured giving up lust (*kaam*), anger (*krodha*), greed (*lobha*), pride (*mana*), arrogance (*madh*) and overexcitement (*harsha*)” (1.6.1). He has mentioned that the role of a leader is very critical because he has to take varieties decisions considering different types of complexities in day to day business. The leader must have a close look after the persons around him and he must set himself as an example to the followers. The policy suggested in *Arthashastra* attempts to strike a balance between the delicate interests of the parties involved in the corporate system. Kautilya has commented “The objective of any king (leader) or state (business organization) is to create, expand, protect and enjoy wealth” (1.1.2). Kautilya has explained the importance of the king (leader) in making logical distribution of wealth among his subjects. He suggests “Brevity, resentment, quickness and dexterity-these are the qualities of energy”(6.1.5). This is applicable to the management of business finance as well. The way a business organization distributes and manages its profit, determines its future financial well being.

## Leadership Qualities

Every leader needs to plan properly for execution of a work and for this some advisors cum associates are necessary (*sahaysadhyam rajatyam*). According to Kautilya, it is the king who sets the tune of whole administration with the advice of the royal officers where the supremacy of everything vests with the king. Before appointing any advisor the king should assess their uprightness, friendliness, honesty and integrity and presence of mind by personal observation. Among the advisors the *mantrins* comes first followed by *amatyas* and *purohits* (1.15.41). The *mantrin* seems to have been primarily a councilor who because of their training and knowledge could give expert advice on state affairs. Only those who come out successfully of all the four

tests are to be appointed as *mantrins*. The important functions of *amatyas* are consulting about infliction and quantum of punishments (*dandapranayana*), execution of undertaking (*karmanusthana*), settlement and development of new territories, etc. Persons with only partial qualification can be appointed as *amatyas* but not *mantrins*. Those who would pass only a smaller number of tests are appointed as *amatyas*. It is quite understandable because if we look at the contemporary consultation process we find that councilors are given importance according to their capability, experience and designation. Kautilya has mentioned that “*Time comes but once to a man waiting for an opportunity: that time is difficult for that man to get again when he wants to do his work*”(5.6.31). By this statement Kautilya has pointed out that when any opportunity is knocking at the door, it must be grabbed by both hands. Arthashastra provides guidelines for governing a monarchy on different aspects, such as: administration, revenue, law, business and trade, diplomacy, taxation, agriculture, labour, people and the society, etc. Kautilya advises, “*Just as an elephant, blinded by intoxication and mounted by an intoxicated driver, crushes whatever it finds, so the king, not possessed of the eye of science, and blind, has risen to destroy the citizens and the country people*” (1.14.7). The leader of the organization should not be intoxicated by his power and position; otherwise the organization may be destroyed. So, the leaders of the organizations have the responsibility of doing the right thing for the business with the help of his workforce.

### Consultation

Kautilya has said, “*All undertakings should be preceded by consultation*”. It means that the concerned authority has to make proper discussion before starting of any undertaking (*mantramula sarbarambha*). Kautilya has suggested, “*juktijuktang bacho graghyang baladapi shukadapi juktihinam bacho tajyo shukradapi shukadapi*” (1.15.22). That means the leader should consider the valuable suggestions of even a child and at the same time should ignore the unrealistic suggestions of even a wise man. Kautilya has said “*Success is three-fold that attainable by the power of counsel, that attainable by the power of might, that attainable by the power of energy*”(6.2.34). It should be noted that even a monarchical system when might was considered right, Kautilya emphasized the importance of consultations apart from other sources for success. According to Kautilya, the king should ask the councilors concerning matters exactly similar to the undertaking he has in mind. As they might advise he should do the work.

According to Kautilya, a leader is expected to be careful of his way of conversation and body language during communication or consultation with his subordinate and other people. He should not hurt anyone unnecessarily and must not be casual at the time of consultation. The discussion would not be completed without referring to the ancient direction relevant to our contemporary problem. It is directed “*it is better for the councilor not to enter the assembly hall than to be remain silent there or to give a distorted statement. Doing so, the councilor shall go to the hell*” (*Sabha na pravestvya vaktavyam va samanjasam/ Avruvan vivruvan vapi nara bhavati kilvisi*). In fact by this practice the entire process of consultation become futile. The king or the leader, in addition to learning of different subjects must be able to exercise control over his senses (*indriyajaya*), and keep his passions in check during the consultation process. He should adjust his conduct in respect of the three goals of *dharma*, *artha* and *kama*. Whatever advices are given to a king by kautilya should be applicable to a leader of an organization.

We know that in today’s corporate world, consultation or communication is a vital part of corporate activity where secrecy of some important documents and information is really important. The importance of secrecy as envisaged by the Indian theoretician may be referred in this context, “*Ayur Vittam Grihashchhidram Mantramaithunam Vesajam/ Tapo Danaapamanancha Nava Gopyani Yatnatah*” means one should carefully conceal his age, wealth, family dispute, intellectual property, personal dalliance, special knowledge of medicine, endeavour, self-sacrifice and embarrassment. It is recorded in the Nirukta a text around 3000 years back that once the knowledge incarnate approached to a Bramhana with the request, “*Vidya Bramhanametyah Shevadhiste Raksa mam/ Asukaya na mam Bruya Viryavati Yatha Syam*” means “O Bramhana! I am in your custody, please protect me, don’t expose me to any envious person, otherwise I would be fruitful”. Kautilya’s guidelines for well-knitted consultation process were useful primarily for maintaining the monarchical system. Selection of place, maintaining the secrecy and process of deliberation with due importance is given to all councilors, number and qualification of councilors. Everything relating to consultation has been suggested by Kautilya systematically.

Kautilya has seriously considered the issue of secrecy of consultation. He has suggested that the place for consultation should be secluded, not allowing talks to be heard outside and incapable of being peeped in even by birds. Hence without providing himself with sufficient safeguard against

disclosure, the king shall never enter into deliberations in a council. Maintaining secrecy is very important and so an unauthorized person must not encroach the place of counsel. Considering the issue of secrecy, it is an important decision of the leader to fix the number of councilors. Very little number of advisors may not be able to suggest fruitful advice and too many advisors may divulge the secrecy. Kautilya has mentioned “*To as many persons the lord of men (the leader) communicates a secret; to as many does he become subservient, being helpless by that act (of his)*” (1.8.9). Kautilya has advised that the king should ask the advisors one by one or meet them in a conference. He should carefully watch about any deviations of advises from the advisors at the time of individual discussion and group discussion. He wants to clarify if a single person expresses his opinion in the same way or differs in his opinion during the conference.

Kautilya has mentioned “*In case of secret associations, those concluded in secret shall succeed*” (3.1.11). It means that if a leader wants to get success in a project, he must not expose about his plan to public in general, never before his competitor. Every project executed in an organization goes through some stages viz. conceptualization stage, preparation stage and delivery stage. A leader has to maintain a certain level of secrecy in every stage of operation. Kautilya has asserted, “*Therefore, others should know about any work sought to be done by him. Only those who undertake it should know (about it) when it is begun or even when it is actually completed*”(1.15.11).

### Man Management

Kautilya suggests “*The administrator and the magistrates should first keep in check the heads of departments and their subordinates*”. Kautilya says “*He (leader) should constantly hold an inspection of their works, men being inconsistent in their minds*” It means that the leader has to watch constantly every activities of the organization. Kautilya has referred five successive steps of discussions namely 1) ways and means of starting an undertaking 2) arrangement of men and materials 3) place and time of execution 4) apprehension of probable obstacles and 5) successful accomplishment (1.15.42). Similarly, Kautilya has prescribed he function of the associates as 1) starting work of new undertaking 2) continuing an undertaking already begun 3) improving a work 4) implementation of order issued (*niyogasampadam*) 5) getting success (1.15.32). Kautilya has used the term *yathasamarthyam* (capabilities) as one of the qualifications of a consultant. Here capability implies proficiency in politics, brilliant intellect and skill in

practice affairs (*mantra samarthyai sastracaksusmatta niratisaya prajna lokavyavahara kushalam*). In appointing councilors a leader must consider the qualities and expertise of the candidates. Kautilya has mentioned that the son of the soil, of noble birth, persons who can restrain himself, intelligent, bold, upright, friendly, firmly devoted, energetic, healthy and spiritual etc. are the expected qualities of a good advisor. At the same time Kautilya says “*Reasons for dissatisfaction of subjects: By running rightful acts, by not giving what ought to be given and securing what ought not to be given to him (the leader)*).

For good governance, all administrators, including the King, were considered servants of the people. In *Arthashastra*, we find the term ‘*anityam*’ that implies that the officers were frequently transferred from one department to another. This concept is very popular in today’s business world. The officers are transferred from one department to another department or from one office to another office on regular basis so that they may not be swayed by malpractices developed locally and with the vested interest group. Kautilya has mentioned “*He should cause the treasury and the army to be collected in one place in the fortified city, in charge of trustworthy men*” (5.6.7). By this statement Kautilya tried to mean that the leader should control the finance and run it by his trustworthy men. Treasury must be situated in the head office from where it can be monitored and controlled. Army means the employees who are capable of delivering the service to the organization. For proper administration, in every organization there are some trustworthy people placed in the key positions. In modern businesses, these people, like the Chairman, Vice Chairman, CEOs, CFOs, COOs, Board members etc. play very important role in the administrative and management set up like royal officers of the king.

### Ethics

According to Kautilya, “*He (the king) should secure an undertaking requiring little expenditure and yielding large profit and get a special advantage*” (7.12.31). In today’s corporate world, each and every business has to maximize their profit so that they can be able to provide greater benefit for their stakeholders and at the same time able to fulfill more social responsibility. Corporate Social Responsibility (CSR) requires the organizations to balance the needs of all stakeholders with its need to make a profit and reward to the shareholders adequately.

From modern business perspective, CSR may be defined as the commitments of any business to contribute to economic development for improving the quality of life of the all stakeholders and the society in an ethical way. So the concept of CSR includes ethical, moral and philanthropic responsibilities and compliance of law. CSR requires the organizations to adopt a broader view of its responsibilities towards every stakeholders of the company. Kautilya has mentioned that the duty of a king (like a leader) is to protect his subjects as is expressed in the term, 'raksana' or 'palana' and ensuring their 'yogakshema'. That means apart from protecting the life and property of his subjects, the king has to ensure welfare, well-being prosperity and happiness. In order to do so the state is expected to engage in various activities as settlement of virgin land (*sunyanivesan*), building of dams, tanks and other irrigational works (*setubandha*), opening trade routes (*vanikpatha*) etc. We find numerous examples of social responsibilities rendered by the king. In case of death of a servant during state service, his wife and children are entitled to get wages and food rations. The state is required to look after minors, aged persons or sick persons in the families of the deceased servants. When there is death, illness or birth in the family of a deceased servant, the state is asked to render help with money and honour (5.3.28). The state should maintain buffer stocks, not only of grain but also of essentials like timber, rope, tools, etc. to be distributed to the public during times of crises like famine or epidemic. In the concept of welfare state the duty of the king is to look after the minors, aged persons and those in distress when they have no one to look after them. In today's business world the corporate sectors are trying to fulfill the CSR by various ways viz. spending money for health and hygiene, education, backward area development, environment etc. So, in the era of globalization, the idea of welfare state of Kautilya is evidently resembles with the concept of social responsibilities of the corporate sectors in modern time.

Kautilya asserted "*Philosophy is ever thought of as the lamp of all sciences, as the means of all actions (and) as the support of all laws (and duties)*" (1.3.12). The root of any business remains in its philosophy and it is also important to maintain ethical standards in every respect. The values are the lighthouse like lamp, which provide proper direction at the difficult time of business. Kautilya emphasized to maintain the standards of public governance in the Mauryan Empire. It is expected that the business should follow the basic principles of business ethics. In *Arthashastra*, public governance was the priority of the author. Kautilya has admitted that some

degree of corruption and malpractices would always exist, and sometimes its identification becomes impossible. According to Kautilya, *‘Just as fish moving inside water can not be known when drinking water, even so officers appointed for carrying out works can not be known when appropriating money’* (2.9.27). In the same breath Kautilya has mentioned that *‘Just as it is not possible not to taste honey or poison placed on the surface of the tongue, even so it is not possible for one dealing with the money of the king not to taste the money in however small quantity’* (2.9.27). Through these words Kautilya probably has tried to mean that there are every possibilities of existence of dishonest royal official. He has also mentioned that *‘It is not possible to know even the path of birds flying in the sky, but not the ways of officers moving with their intentions concealed’* (2.9.27). It is very much relevant today as we often see the instances like insider trading, corporate bribe and other scams by the responsible officers. Kautilya has seriously considered the problem of corruption rampant in every sphere of public life. He has listed, in the *Arthashastra*, about forty ways of embezzling of government funds. Therefore, Kautilya imposed strict ethical guidelines and code of conduct for state officers, traders, artisans, professionals, farmers, goldsmiths and for every section of the people, even for the king, in order to create a strong public governance system.

### Strategy

Kautilya says *“Wealth will slip away from the foolish person, who continuously consults the stars; for wealth is the star of wealth; what will the stars do? Capable men will certainly secure wealth at least after a hundred trials”*(9.4.26). He also suggests *“He should bear (at once) every urgent matter, (and) not put in off, An (affair) postponed becomes difficult to settle or even impossible to settle”*(1.19.30). Kautilya has mentioned that the king has to take the help of *danda* (punishment) for good governance and protection of his subjects. With the help of *danda*, the ruler is to prevent might from proving right and to enable the weak to hold their own against the strong (1.4.16). Kautilya has provided an administrative mechanism where *danda* in different degrees has been used for contravention of rules and regulations. For example; the penalty for unstamped weights etc. is 27 *panas* and a quarter. For traders, who by conspiring sell goods at higher price, the fine is one thousand *panas*. If a labourer does not do the job after receiving the wage, the fine will be 12 *panas* and detention till it is done (2.13.66). But Kautilya has confirmed that the use of *danda* requires great care. An unjust or improper use of the power by the ruler



might lead to serious consequences, the most serious being a revolt (*kopa*) of the subjects against the ruler (3.1.42). Kautilya says “*Reasons for dissatisfaction of subjects: By seizing those who ought not to be seized; by not arresting those who ought to be seized*”(7.19.21). In the present day context, the corporate authorities have to consider many legal, social and political issues before giving any punishment to any of the employees; otherwise the future of the concern may be uncertain as we often see the incidents of strikes, lockouts, closure etc. Kautilya suggests “*Reasons for dissatisfaction of subjects: By not punishing those deserving to be punished; by punishing those not deserving to be punished*”(7.5.19).

In the *Arthashastra*, stress has been given both on fraud prevention as well as fraud detection. Kautilya had listed several ways by which funds are misappropriated. Some of these frauds relevant in today's corporate environment are as follows: (a) Falsification with a motive of personal profit (b) Misrepresentation of income received or expense incurred with a motive of personal profit (c) Discrepancies in Personally supervised work, account heads, Labour and overhead charges, work measurement etc. Kautilya admitted that some degree of corruption would always exist, and cannot be scrutinized perfectly.

### Conclusion

Kautilya suggests “*Carrying out his own duty, the king, who protects the subjects according to law, leads to heaven; one who does not protect or who inflicts an unjust punishment, his condition would be the reverse of this*”. In fact in present days, leaders are playing the key role for the success of the corporate sector. It is needless to say that the complexities in business are increasing and the role of the leaders is becoming more important. Kautilya advises “*Only, the king, behaving in this manner (following the rules given to a king). Obtains heaven, otherwise hell*” (3.7.38). In this complex business environment some of the guidelines of *Arthashastra* regarding corporate venture are very much relevant and can be helpful in solution of so many problems that the today's corporate world is facing.

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