



# The Management Insights from Kautilya's Arthashastra

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## ABSTRACT

Vishnugupta also prominently known as Kautilya or Chanakya (c. 350 - 283 B.C.E.), was born in Taxila, Pakistan, was world renowned polymath from ancient India who worked as a scholar, writer, strategist, philosopher, economist, lawyer, and royal counsellor. He played the vital role in advising Chandragupta during his conquests and his ascend to the throne of Patliputra to lay the foundation of the Maurya Empire.

It is astounding to learn that Kautilya in his works Arthashastra, Nitishastra and Chanakya-niti extensively outlined many concepts found in contemporary management theories. The goal of this study is to get understanding from Kautilya's management lessons.

**Keywords:** Arthashastra, Nitishastra, Chanakya niti, Kautilya's sutras,

## Introduction

India, one of the oldest civilizations in the world, has a recorded history of more than 5000 years. India and Indians have made significant contributions to the world in many domains of knowledge. There are many managerial teachings in ancient Indian classics like the Valmiki Ramayana, the Mahabharata, the Bhagavad-Gita, the Vedas, the Puranas, etc. that can be used even in contemporary settings. Like such ancient Indian classics, the works of Chanakya also provides valuable management insights which can be used in the field of contemporary management.

Chanakya the renowned thinker and diplomat of ancient India is credited with advising Chandragupta Maurya during the conquest of the Nanda and the defeat of the Greeks. He was instrumental in establishment of pan-Indian Mauryan Empire. Under his patronage Chandragupta Maurya was able to conquer nearly the entire India as well as significant portions of modern day Afghanistan.

However, he is best recognised for his encyclopaedic book "Arthashastra" on political economy and government. Its fifteen divisions, includes topics on monetary policy, trade, welfare, forestry, weights and measures, agriculture, law, political science, and military strategy, each focus on a different area of governance. The main goals of Kautilya's ideology were to make the king and the nation prosperous and to triumph over competing neighbouring states.

Kautilya is admired for his insight into human nature and for his political wisdom. Two other prominent works ascribed to Chanakya are: Niti shastra, a discourse on the ideal way of life, and Chanakya Niti, a compendium of his nitis, or policies.

## Need of the Study

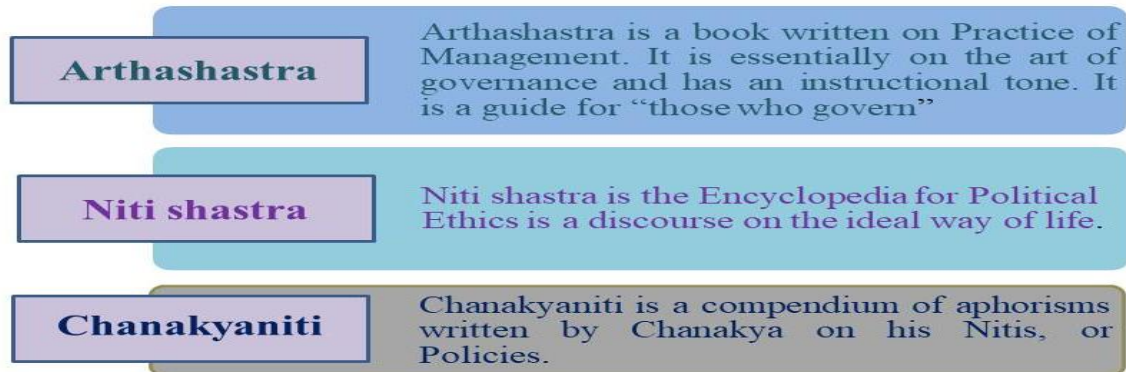
The philosophy of Chanakya remains relevant today, particularly in personal life, management and politics. Studying the works of Chanakya provides us some of the meaningful practical knowledge and wisdom, which has stood the test of time since centuries.

## Objectives of the Study

The objective of this study is to gain management insights from the Chanakya's teachings from his most prominent work Arthashastra.

## Management Insights from Kautilya's Arthashastra

The Kautilya's work covers a variety of management-related topics, such as corporate governance, human resource management, financial management, accounting, and strategic management. Kautilya created this treatise for Chandragupta Maurya, the monarch, because he was interested in the establishment and operation of the systems that the king uses to maintain the unity and integrity of the State and to wield authority. The most prominent works of Chanakya are: Arthashastra, Niti shastra, and Chanakya Niti.(1)



The Arthashastra of Kautilya is among the earliest management texts still in circulation today. When translated literally, Arthashastra means "Scripture of Wealth." The creation and management of wealth are the primary topics of the book. The following are relevant points made by the five Kautilya's sutras (aphorisms) themselves regarding the principles of management in organisations: (2)



### Five Sutras' of Kautilya

For many decades, researchers and practitioners have occupied themselves with the task of achieving organizational clarity and alignment with a strategic direction. Numerous management concepts have been popularized and adopted by organizations with success or failure, particularly in the last fifty years. Mission and vision statements are two examples of such management concepts which have gained popularity since then. (3)

"The mission statement is a statement of a company's purpose. If mission outlines what the company is attempting to achieve at the present time, its vision offers a view of what the enterprise might become." (4)

It is amazing to note that Kautilya explicitly explained a number of modern management theories' concepts in his work. Arthashastra emphasized the significance of vision, mission, and motivation in the same way that modern management

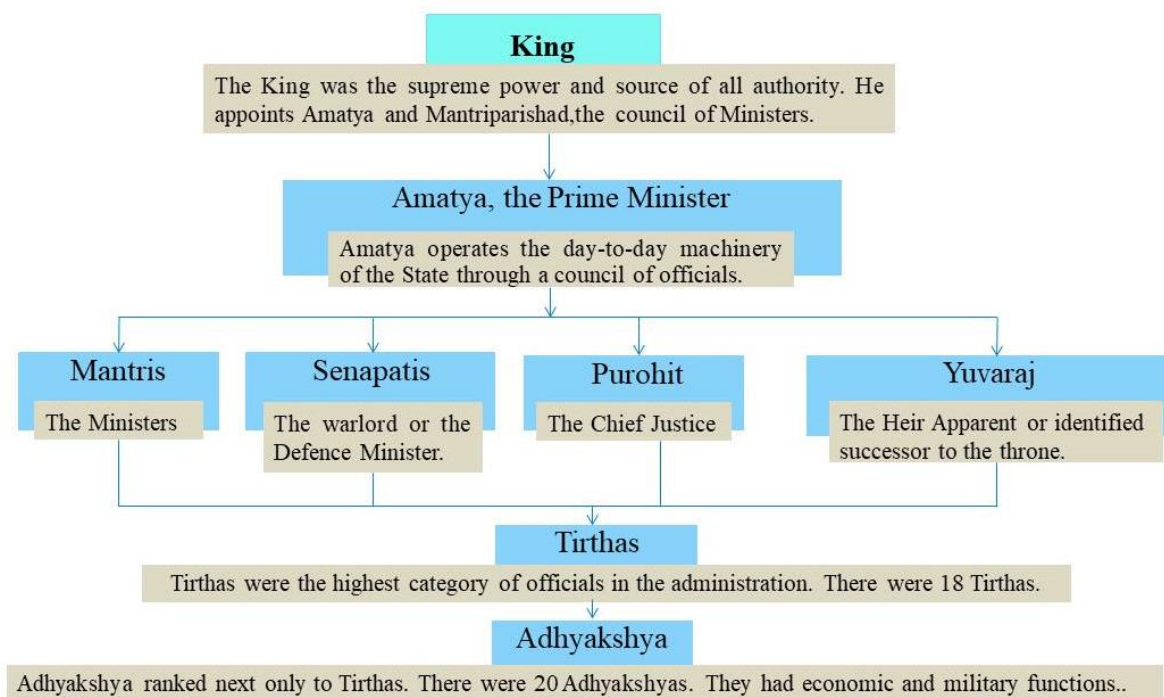
does. Prabhu Shakti (vision), Mantra Shakti (mission), and Utsah Sahkti (motivation) are Kautilya's recommendations for his swami to rule. In his book *Managing for Results*, Peter Drucker appears to have virtually adopted Kautilya's concept of the goals of a king. (5)

Kautilya reminds his swamy that his objectives for his rule are	Drucker's constituents of Economic Performance
1. Acquire Power.	1. Making present business effective.
2. Consolidate what has been acquired.	
3. Expand what has been acquired.	2. Identifying the potential and realizing it.
4. Enjoy what has been acquired.	3. Making it a different business for a different future.

Kautilya is aware that sophisticated mechanisms must be created for the State to function effectively. He is absolutely clear regarding an organization's organisational characteristics, human dimensions, and leadership requirements. Through the use of Mandalas, Kautilya creates a towering hierarchy for governance that descends to the level of the village. Kautilya's endeavour to bring administration to the most basic level can be seen as the logical derivation of the Gram Panchayats and Panchayati Raj system that the Government of India adopted.

One of an Empire's top priorities has continued to be the recruitment of ministers. An essential and crucial position in the administration is held by a minister, who has traditionally been referred to as the chariot of a kingdom. The choice of the minister becomes equally crucial in these circumstances when the state is surrounded by intrigues and conspiracy both inside and outside the kingdom because if the minister betrays then he can easily and unquestionably remove the monarch. Thus, it is still essential that the king give this job to someone he knows and can trust. (6)

Kautilya created a detailed organisational structure for officials under the king which could be explained as follows.



Hierarchy of Officials created by Kautilya

He emphasises that the people's acceptance of a leader's actions is the essence of leadership. He consequently counsels the Swamy to never lose sight of the Nyay, or justice, and Dharma, or ethics, which are the two foundations of good administration. He condemns autocratic actions as well because followers follow a leader who is visible. He therefore counsels the Swamy to reflect in order to recognise his atma doshas, or shortcomings, in order to advance or improve himself. He also counsels Swamy to identify the shortcomings of his cabinet and take action to correct them.



He was sceptical that Mantris might be incompetent, Senapati might be too ambitious, and Prohit might not consider current practices and traditions in making laws and justice, which could lead to injustice. He suggests special training for Yuvaraj to prepare him for the eventual succession. According to him, Yuvaraj should be trained in three specific areas. Economic Administration- Arthashastra, Diplomacy -Nitishastra and Political Science -Dandanitya.

Kautilya gave lot of emphasis into training the staff of government agencies. He specifically elaborated the qualities that a mantri must possess. He wrote these qualities as qualification criteria for appointment to Mantri.

<b>Essential Qualities of Mantri by Kautilya</b>
Drudhachitta (power of concentration)
Shilavan (character)
Pragna (thinking capability)
Vangmi (communication skills)
Daksha (observation / vigilance)

Kautilya's understanding of human behavior is truly amazing. He advises Swamy, the king on six emotional demons to avoid and makes his ministers avoid them as well. He makes it clear that sometimes these six emotional demons often interfere in sound decision-making in all operations.

### **The emotional devils identified by Kautilya**

<b>Kama (lust)</b>
Krodha (anger)
Lobha (greed)
Mana (vanity)
Mada (haughtiness)
Harsh (overjoy)

Kautilya's stresses on building efficient and effective organisation by focusing on the four essentials of an organized State identified by him as the territory of the kingdom, the population of the kingdom, the organization through which the kingdom is being run and the unity within the kingdom. Kautilya, further elaborated that the essentials of the State should be taken care of through 'constituents of the State' identified by him. The constituents are: Swamy (Lord), Amatya (Top state leader), Janapada (populated region), Durga (stronghold), Ksha (depository), Bala (force/armed force) and Mitra (partner).

He envisions a kingdom-strengthening alliance. Mitra is a king who might come to the help of Swamy, in the event that Swamy's kingdom is under threat by another ruler. If another king attacks the Mitra, the Swamy will also be obligated to offer any assistance. Similar Corporate alliances are used in today's globalized world to protect territories from external threats like cheap imports and the entry of powerful competitors.

Kautilya identified six attributes of diplomacy which are: intelligence, Memory, Cleverness of Speech, Knowledge of Politics, Morals and Readiness to Provide resources.

He was a firm believer in using diplomacy as a viable option during conflicts, demonstrating his pragmatic approach to external realities. He identifies the external threats as the superiority of other kingdoms' strengths and ambitions. Kautilya's such advice makes sense in dealing with the corporate rivalries nowadays .

Kautilya's advise to his Swami is truly introspective from the point of view of kingdom administration and even valid for the present corporate world. Some of the valuable insights from him are as follows

- Swamy must manage its diverse economy in a positive, effective, profitable, and responsible manner.
- A diverse economy should include profitable mining, forests, reservoirs, production activities, marketplaces, transportation infrastructure, and storage facilities.

- Effective management is establishing reasonable objectives and attaining them without overreacting. Economic activity is the pursuit of wealth. Swami's proper counsel and leadership provide both current prosperity and future gains.
- Swami needs to keep in mind that a king with a low treasury is a weak ruler and the most vulnerable to overthrow.
- Swamy must oversee the wise application of policy. Dharma and Nyai, which give everyone an equal chance to live a decent life, should be the foundation of prudent behaviour.

- Being profitable requires more than just raising prices. It should also entail making a financial commitment to expansion in the future.
- A Swami should possess the highest levels of leadership, intelligence, vitality, and character.
- Swamy is only able to rule with the assistance of others. He must appoint a maximum of four advisors and enough mantris to handle the administration of state institutions. Kautilya warns against concentrating power in Swamy's hands while limiting his area of influence, stating that "wheels alone don't move a tank."
- Swamy needs to be careful when choosing advisors. He must be clear on the traits that a consultant ought to possess. The ability to make a difference while entirely submitting to Swami, practical experience, critical thinking abilities, sound judgement, and these qualities are of utmost importance.
- Water availability is important. It is more practical to acquire a small piece of land with flowing water than to acquire a large piece of land that is dry and requires a large investment to generate water.

## Conclusion

Chanakya's works, which was written in the 4th century before Christ, though was intended for kings to rule the state, is greatest substantiation of the intellectual capital India held in its noble history. Kautilya offered many management concepts and managerial ideas whose applicability has not faded indeed after 24 centuries. It is needed to rejuvenate and recreate this intellectual capital for the adoption in diverse fields. The recognition of its advantages and adoption will immensely beneficial in modern management. This paper has briefly presented the overview of Chanakya's management concepts and ideas for managerial and organisational effectiveness.

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