

“KAUTILYA’S ARTHSHAstra”: EVOLUTION OF SCIENCE OF MANAGEMENT IN ANCIENT INDIA

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Abstract

From the beginning of the civilization the art of management in administration level was co-exist, where it led to systematic arrangement of function performed by the individuals. In Modern time Management is an art of planning, organising, staffing, directing and controlling the activities of an organisation towards the achievement of predetermined goals of wealth and profit maximization. It is a combined efforts of all levels of Management to ensure the achievement of goals in an organisation. This phenomenon is being carry forwarded from the ancient time as well where “*Kautilya Arthshastra*” had depicted the principles which an administrator had to follow for best governance of the state. By applying those principles how a *Rular* can built long-term goals for good governance of the state or the empire. The existence, development and execution of management activities was found in the Historical literature of “*Kautilya Arthshastra*”. Therefore, well management was treated as an essence for the good governance of an empire. In ancient times the qualities of wisdom, intelligence Valor, bravery, knowledge and leadership was learnt in early age in essential manner.

The ancient literature has influence on corporate governance, corporate administration and leadership as well. In ancient time theories were based on few basic principles of “*Kautilya Arthshastra*”. The principles and concepts are relevant in the modern time as well in corporate governance. Therefore, this research is required to find out, how this literature influenced and contributed in the development of modern management studies, strategic management, and corporate governance. An attempt is made to illustrate that what are the unexplored areas where “*Kautilya Arthshastra*” attributed in the field of Management to the other related segments to be explored.

This research paper analysed the socio-economical, individual-behavioural, and institutional factors and factors, that highly contributed to modern management practices. The research paper also investigated the implementation that has been done so far in management and the progress accomplished in the corporate sector concerning Strategy formulation and execution. In the coming future, the requirement of good governance with strategic implementation will be highly essential. Therefore, the research study will contribute in the apprehension of strategic upright in the management of economic activities in the country as well.

Keywords: Strategic Management, Corporate Governance, Ancient Literature, Kautilya Arthshastra, Leadership and Administration.

Introduction

The '*Arthshastra*' and '*Ayurveda*' were considered the oldest *Shashtra* in ancient Indian times. These were the two of the Indian philosophies that were based on logic and studies the '*Arthshastra*' was known as a science of politics it can be also said that the political aspirations were completed or achieved due to this writing for the good governance of a state. '*Arthashastra*' was written by Kautilya for efficient governance or to manage a kingdom, empire, or country well.

Therefore, it was developed in ancient India, and was generally based on political grounds The ancient thinkers were also known for their original thinking and original contribution in the field of political upliftment with good governance in a state. Kautilya wrote the '*Arthshastra*' with the goal orientation of Empire building with the upliftment of social system to set a standard for good governance. Therefore, Kautilya's literature was a success in setting a relationship between the four of sciences like politics, economics, philosophy, and theology.

As in '*Arthashastra*' in respect of management or leadership perspective, the term *Rajya* was figured as a kind of an institution or an organisation, the *Raja* or king is the leader was treated as Board of directors of the entity or organisation and the *mantri or ministers* were treated in management as the chief executive officer (CEO) who specializes in their respective field of management. Therefore '*Arthashastra*' related well with management studies popular in the present era.

Theories of Management

The theories of management are categorized into three broad categories; they are classical Management Theory which is based on the industrial revolution and focuses on the maximization of production as well as the efficiency of the employees. In the Behaviour Management Theory which is totally focussed on human and social factors of the organisations. Whereas, the Modern Management Theory, which combines mathematical principles with the sociology or social behavioural aspects, for the holistic development of individuals at all levels of management. The above all the theories of Management are different in their own aspects and the management theories can be applicable at various levels of Management at various units of organizations or institutions. The scope of modern management theory had a wide scope and the evidence was found in the ancient literature of its existence in the past.

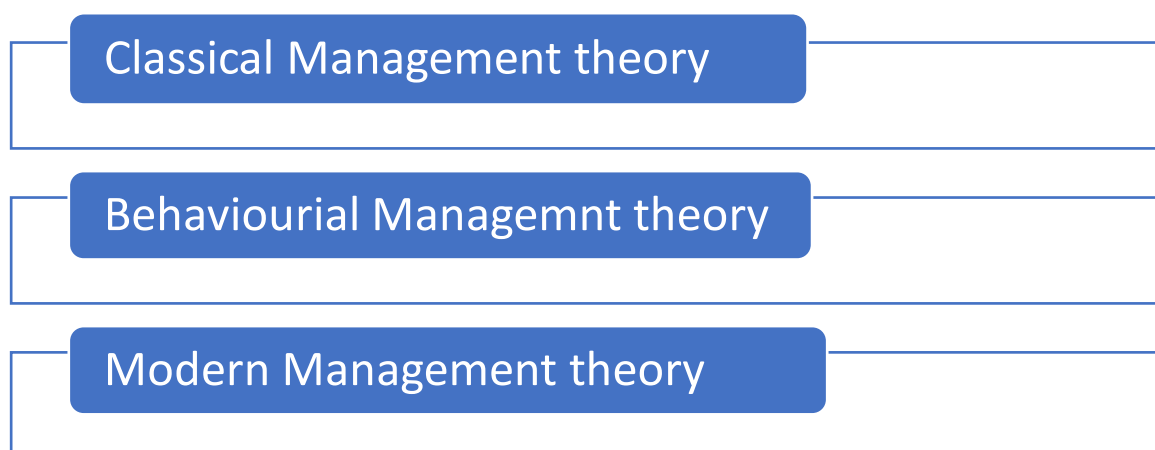


Fig:1 Categories of Theories of Management

Classical Management Theory

The classical Management Theory gives importance to profit making. The employees are only motivated when they have benefited personally and it has a positive result in the increasing efficiency and the productivity of the employees. The classical Management Theory specializes in incentivization and position structure. Because of the hierarchical positions, the employees of the organizations are very well-known

about their work the standardization of work also increases efficiency and productivity and reduces the wastage and losses of the organization.

Behavioural Management Theory

The Behavioural Management Theory gives importance to the personal than the business operations. Therefore, it works over the behavioural management of an individual in the organization. It gives personal attention to the social atmosphere of the organization which ultimately affects the productivity of the individual and will not only help to motivate individuals for the achievement of organizational goals but remain them to keep working with full motivation and teamwork. It is also found that, when the employees or the individuals are happy and works in a happier environment, they performed better for the development of the organization with self-motivation. It also ensured that team efforts or group dynamics affected the desired performance.

The behaviour Management Theory also works upon the human relations theory, which helps in balancing personal relationships with professionals one. Therefore, Hawthorne studied about social and healthy relationship in an organization can create miracles for the upliftment and achievement of organizational goals. In 1960, McGregor developed Theory 'X' and Theory 'Y' in "*The Human Side of Enterprise.*" in which Management looks after for the workers who lack motivational drive where Theory 'X' is applicable as Theory 'Y' applicability workers are known for their self-motivation and who benefited due to participating environment of the organization itself.

Modern Management Theory

The Modern management theory helps to balance human psychology with scientific methodology. Gives more importance to the individual satisfaction with the job offered and the creation of a healthy corporate environment. It also uses the latest statistical analysis for decision-making, performance appraisal, and streamlining its major operations in business.

Therefore, some of the strategies in management emerged to achieve the organizational goals in the long term and there are few of the conflicts or the problems related to the organization that can be effectively solved with the help of *Kautilya's*

Arthshastra specific various strategies that are truly applicable in the modern era. It can be stated that how a ruler should act and take actions while ruling his kingdom, with good administrative qualities. The good governance is only established with properly and structured principles and rules with disciplined implementation.

Literature Review

Shubhash Sharma, 1994 explored in his research studies that ‘*Arthshastra*’ can be treated as a foundation book for the present managers. It was highlighted that theories of leadership and motivation, administration of finance, decision making, etc can be traced in the ‘*Kautilya Arthashastra*’

Chimayananda, 2003 highlighted that there is a need to look at and relook at our ancient literature to find out the effectiveness of the application of these ancient texts in the present scenario of modern management and its other areas of application.

Balbir S Sihag, 2005 illustrated in his research studies that Kautilya had considered the importance of Knowledge management to the economic prosperity of a state. Knowledge-based management and wisdom-based knowledge were the main theories of attraction in the field of management.

Balakrishnan Muniapan, 2008 in the research studies the researcher explored about the ancient literature belongs to the 4th Century BC and its broader impact on institutional management today. It was highlighted that the self-management is more important than any other management. The Kautilya Arthshastra has touched the areas of organisational management.

Pradeep Kumar Gautam, 2018 discovered in his research studies some key aspects of leadership and management theories. The art of statecraft, warcraft and diplomacy were propagated and highly required for a successful governance of a state.

Neera Jain, Shoma Mukharji, 2009 illustrated in their research studies about the different leadership approaches, the strategic and skill-based approach and applied the holistic approach where the factors effecting were treated or considered as whole not an individual. The researcher’s value-based considerations were acknowledged widely and the findings were appreciated.

Need and Significance of the Study

The objective of the research paper is to understand the '*Kautilya Arthshastra*' and its contribution to modern management. There is a dearth of research in the field of management to find out the roots from where it was originated and applied as modern management tools. The rich knowledge of Arthshastra contributed highly to the management and administration.

Therefore, this research is significant in finding out the contribution and impact of traditionally written work on modern management and its related areas of application. The research study will be helpful in finding out the hidden areas of management where there was an impact of *Kautilya Arthshastra*. It will be helpful for the management and administrative positions of institutions, researchers, and students of management studies.

Research Methodology

The methodology of the research paper is positioned on a qualitative research methodology called *hermeneutics*. *Hermeneutics* is the study of the ancient or prehistoric religious text or literature. It can be described as a method in which ancient literature is interpreted and acknowledged. It is also used in various disciplines in the theories studied and the interpretational methods of all textual literature, that includes the writing piece composed or written in the past that have their existence that were interpreted as an experience as well.

Hermeneutic is known as a particular system or method for interpretational activity, or the interpretation of a specific theory. The *hermeneutics* also includes the investigation and study of not only of literature known as ancient texts, but also the behaviour of human-being that may include the different languages spoken and speech-patterns popular in the area studied, the social groups and the institutions, and the traditional ritual followed by individuals.

Sanskrit is one of the languages that have their existence in the ancient world and many other languages that were popular in European and Asian countries were also influenced with *Sanskrit*. It was found that Kautilya composed the ancient literature based on good governance and management '*Arthashastra*' in the *Sanskrit* language.

Hermeneutics is widely appreciated and applied in many fields of social science such as law, sociology, philosophy, theology, and religion and also international relations. The author also visited various websites and several research papers for the work done so far in this area of the research study.

‘*Arthshastra*’ and the Evolution of Science of Management

The concept behind the writing of *Arthshastra* is a ‘Science of Governance’ and ‘leadership with political agenda’ and an ‘Art of Warfare’ on the battlefield. Through *Arthshastra*, Kautilya helped the king to give instructions with respect with performing duties for the state and in the state of conflicts what can be done with the help of the policies formed by Kautilya in the state of War, internal conflicts, Politics, and resolving the economic issues in the state effectively.

The main theme behind the composition *Arthshastra*, was to understand the ruling concept for a king as we know that ‘*Arthshastra*’ is known for the monetary, or the economic, well-being of a state. Therefore, it was a necessity to form a rule book, which propagate the economic concepts and may help to resolve, the economic issues of the state. Therefore, it was not only important for the monetary benefits but also for social well-being but, it also significantly propagated the productivity of a nation's taxing authority for better management of budget and collection of income. The ‘*Arthshastra*’, helps to maintain the balance, between the aspirations of the king in respect of expanding the kingdom, and the welfare of the people of an Empire. It was also known as a rulebook of a Kingdom or an empire, where a ‘war’ for expanding the territory was a common phenomenon, the enforcement of law and order with justice and economic well-being, and foreign support was highly required.

‘*Arthshastra*’ is known as the extension of the ‘*Arth*’, where individuals and social relationships are maintained by keeping the legal, political, and economic factors coordinated in the state well in the state. ‘*Arthshastra*’ comprises 15 books where book one, denotes the king ruling as a king, appointment of ministers and the safety and security of the kingdom. The book 2 based on the duties of all officers and explains the role of the state in agriculture and other activities. Book 3 explains the law and administration and codes of law. Book 4 illustrates the detection and solving of crime

and control over the artists, labours and traders and gives them punishment accordingly. Book 5 deals with official salary and advising authority to the ministers of the state.

Book 6 denotes constituting elements of ruling the state and the foreign policy will be adopted. Book 7 demonstrates about the Mandala theory and tells that is important in adversity or crises. Book 8 explains the weaknesses, shortcomings, and disasters that affect the kingdom adversely. Book 9 mobilizes for war expeditions while taking into consideration the dangers and problems to be solved accordingly. Book 10 encompasses the main battlefield, types of battles, and different modes of fighting. Book 11 constitutes protocols that are to be followed by the king after the conquer of the territory. Book 12 enumerates the situation where a stronger King can suppress the weaker king and ultimately how the weaker can overcome the strongest one with the correct strategy. Book 13 is concerned about, how to king should rule to win a territory. Book 14 describes about the secret practices followed in the kingdom for better management. Book 15 enumerates About 32 best practices or methods of ruling a state.

Therefore, it is well-informed and confirmed that the basic rule or concept behind the writing of the '*Arthshastra*' was to form the best government in the state. It is important not only for the economic stability of the state but also for good internal administration, cordial relations with the people, and good foreign relations. The king should not emphasize on expansion of the kingdom but a practical method of solving a problem and be flexible in adopting flexible solutions to changing the circumstances in the state.

'*Arthshastra*' was depend upon 3 basic pillars that were administration that ensured law and order and collection of revenue in the state. The second is related to the law and justice which includes both criminal and civil laws. The third pillar is based upon foreign policy which includes the expansion of the territory by fighting war with the kings of data entry. Therefore, it ensures the three basic objectives which include wealth, justice and growth.

Results and findings

The research findings which are resulted due to this research study are enumerated as follows:

1. It is a science of strategy making in warfare or a situation of conflicts in ancient times where *Arthshastra* was composed as a rule book for the governance of empire most justifiably. The political, diplomatic, economic, military and legal strategies were formulated with the help of the rules of *Arthshastra*. By being taking it a base there is modification and strategy making is continuing in expansion of business, earning profit, increasing market share. Therefore, it is proved that, *Arthshastra* had a great impact in Management Practices in present scenario, modern management. Even in prestigious institutions are incorporated to study Kautilya as a case study.
2. It was not only for solving the conflicts among the territories for growth or expansion of Kingdom but the social practices like four classes and various subclasses for the division of work due to expertise and skills. It is also found in management where division of work is executed, by taking into consideration the skills and three levels of management in hierarchal order, which clearly shows that it was also influenced with practices mentioned in '*Arthshastra*' in respect of division of work in proper hierarchy.
3. '*Arthshastra*' was known as a science of statecraft, diplomacy and administration. Taking it as a base, the science of management also deals with management principles, which generally incorporate with proper management of all levels of management with co-ordination and direction.
4. Kautilya is also well-versed in the theory of motivation which was based on four major pillars of diplomacy and governance i.e. *Saam*, *Dana*, *Danda*, and *Bheda* where *Saam* is achieved by praising the good qualities, attributes, nature, wealth, etc., of a person or awarding him with greater tasks or promoting to the higher ranks. In *Dana*, one gives some gifts, by exempting taxes and granting some monetary and other benefits. *Danda* is punishment for great deviations or acts of any anti-social activity.
5. '*Arthshastra*' has a deeper impact, on the theories developed and adopted in modern management where the satisfaction level of '*Praja*' or the empire's residents was highly sought and appreciated in the past. Similarly, in contemporary management, contentment and the satisfaction level of employees, and customers are highly demanded. Maximum internal policies are

formed to increase the satisfaction level of the employees and the customers, so the impact on the turnover turns several folds positively.

6. Similarly, in '*Arthshastra*' there was a great emphasis on the right and effective budget system and taxation system collection and the collection of revenue from the residents by the government for the appropriate '*Kosha*' or treasury maintenance and its best possible utilization for the development of the Ruling Empire and the residents. Therefore, taking it as a base, the impact shown in the current economic system, is where the budget and its scientific development is always appreciated with effective levy and tax collection with effective and appropriate maintenance of Balance of Payments in the current economic scenario.

Conclusion

In a nutshell '*Arthshastra*' is known as a science, that provides a manual not only for acquiring a territory but also helps to provide a wide range of rules and regulations, so that Kings can protect their territorial Kingdom and maintain law and order for the benefit of the people. So, with the guidelines for politics and administration Kautilya showed to the whole civilized world that, how he controlled such a disturbed and unsatisfying political administration which was ruled by an efficient '*Rular*' and established a Kingdom where effective governance is always being appreciated in history through the guidelines provided by the Kautilya in '*Arthshastra*' a rule book or a constitution for a kingdom. The main objective of the '*Arthshastra*' was to demonstrate the guidance for good governance but, it significantly also provided a structure for the Maintenance of the treasury or '*Kosha*' for the economic well-being of the state it also focused on the right balance of the ruler and ruled the expect so that the ruler could come to the successful expectation of the ruled with a balance of welfare activities in the state.

It also provides guidelines, for the development of effective foreign policy. It was to be adopted for external trade and better cordial relations with the neighboring states/countries. Solutions for strategic governance so that individual, social, legal political, and economic-relation can be built with diplomatic administrative politics. Therefore '*Arthshastra*' has taken as a basis in developing many modern scientific principles of management which shows above that '*Arthshastra*' has a profound

impression in developing such principles and are adopted at various levels of administration and management it is can be truly said that 'Arthshastra' has a profound impact in developing scientific principles in this modern era as well. Therefore, one can successfully debate that 'Arthshastra' was based on scientific principles, which are applicable today only as Motivational Theories which include, monetary and non-monetary incentive plans, Strategic Planning, Expansion of business, Quality Maintenance, Unity of direction, Contentment or satisfaction level of employees, Effective Budgetary System and Taxation, collection of revenue from the residents according to income level by the government. Therefore 'Arthshastra' had a significant impact on the development of Scientific principles of administration and management in the present scenario.

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