

6.0 A Comparative Study of Ancient Arthshashtra and Modern Management Concepts: Gap Analysis and Optimal Best Practices

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ABSTRACT

Most of the knowledge has been borrowed from the ancient Indian Knowledge Systems (IKS). The Bhagwat-Gita, Mahabharata and Arthshastra by Kautilya and all were very prominent. Even concepts of management and administration have been inculcated in sync with the principles and ideas. While talking about management, we cannot leave out the doctrine of Arthashastra. An intelligent text on the principles of economics and administration, Arthashastra was written in the 4th Century BC by a political philosopher named Kautilya. It consists of 15 Chapters, 380 Shlokas and 4968 Sutras it was the First ever ancient book, which contained the Principles of Management. As a minister and adviser to Chandragupt Maurya, Kautilya knew the concepts of management. Kautilya in the Arth-Shastra talks about virtues of leadership, honesty, hard work, and what an ideal leader should do, so that, the state is governed smoothly. He wanted to establish a machinery and operate it so that through it the King preserves integrity and solidity to maintain Power. Today's modern management concepts and principles are also built on similar ideas. There is a need for an efficient management system concept that improves the efficiency of companies in terms of time and cost resulting in achieving the goals of the organisation. Though the environment and Technology today is quite different and very advanced as compared to the ancient era, the Basics need not be ignored as the old theories have proven to be successful. In this Research paper, a comparative study is being done on Management concepts of Arthshastra and Modern Principles of Management. An attempt is being made to find the Gaps in current implementation in the corporate sector by making a comparative analysis of the two management concepts. Both Theories are correct in their own way and only gaps in implementation today have been explored with some analysis and way forward. How/What improvements or Optimal solution are possible to enhance efficiency of corporate organisations have been covered at a high level.

Keywords: -Indian Knowledge Systems, (IKS), Arthshastra, Modern Management concepts

We owe a lot to the ancient Indians, teaching us how to count. Without which most modern scientific discoveries would have been impossible” ~ Albert Einstein.

The majority of the information was taken from the traditional Indian Knowledge System (IKS). The Bhagwat Gita, the Mahabharata, and Kautilya's Arthshastra all had a significant place. Even managerial and administrative concepts have been ingrained in accordance with the ideals and principles. We cannot discuss management without mentioning Arthashastra doctrine. Written in the fourth century BC by a political philosopher named Kautilya, the Arthashastra is a smart work on the fundamentals of administration and economics. There are 15 Chapters, 380 Shlokas, and 4968 Sutras in it. It was the first ancient book to ever include management principles. Kautilya was a minister and Chandragupt Maurya's advisor, and he was familiar with management ideas. In the Arth-Shastra, Kautilya discusses the attributes

of leadership, including honesty, hard labour, and what an ideal leader should do to ensure that the state is efficiently administered.

Objective of the Research: - To find out the Gaps in Modern Management implementation concepts as compared to IKS (Arthshastra) principles and make suggestions for Optimal Best Practices based on Gaps, as applicable.

Methodology: -

The research is based on Secondary data namely Arthshashtra and Modern Management principles by Peter Drucker. The comparative analysis is done based on the two above mentioned theories and the Gaps have been identified for implementation in corporate sector. The probable suggestive solutions are based on own experience/current Industry scenario/successes and failures of corporate sectors. It brings out how the corrective actions for these Gaps, could have helped some corporates to shape their businesses to move on the path of success.

Scope:

The scope of this Research paper is Relevant Management Concepts mentioned in Arthshastra and a comparative study and analysis with Modern Management Theories. Only Major Management concepts/ skills have been considered in this study.

A. Arthshashtra and Modern Management.

Arthshashtra¹ provides a comprehensive definition of management.

The basic elements of management are as follows: (mentioned in IKS -Arthashastra) are: -

- The means of starting undertaking/Assignments
- Excellence of Men and Materials
- Suitable appointment of Time and place
- Provision against failures and
- Accomplishment of the work

The above 5 elements are basic to planning and management. Process which indicates the most critical components of any management process. The focus on Excellence is very critical to the management. Attention is being paid to contingency planning (safeguard against failures). These 5 elements are also covered in Peter Druckers Modern Management Theories and are as follows: -

- Leadership
- Welfare
- Management
- Organisation
- Ethics

1. It is very astonishing to know that the present-day modern management concepts and theories have been explicitly explained in the Arthshastra by Kautilya. Kautilya was the chief minister and the brain behind King Chandra Gupta Maurya (317-293 BCE), which led to consolidation of the Mauryan empire and ushered in the golden age of India. Hence the principles of management and state administration appeared to be very successful and hence are very relevant today also. The Arthashastra was very influential in ancient India up to the 12th century AD, after which it faded away. In this paper we tried to find the relevance of Arthshastra to recent day modern management.

The Arthshastra may have been written in ancient era but its concepts are relevant today. Management professionals can learn a lot from the teaching of Kautilya and adopt a mix of strategy to improve overall productivity and create a harmonious work culture and motivated work force.

B. Vision, Mission and Performance

The concepts of Vision, Mission and Motivation was mentioned in Arthshastra. Kautilya has advised his King to rule through: -

- Prabhu Shakti (Vision)
- Mantra Shakti (Mission)
- Utsah Shakti (Motivation)

These concepts of the Objectives of the King have been virtually adopted by Peter F. Drucker in his book, Managing Results. Drucker has proposed that Economic performance as a corporate objective and also gave emphasis on its various components.

Kautilyas Objectives Vs (Druckers Modern Business for the King) are: -

- Acquire Power (Making present Business Effective)
- Consolidate what has been acquired (Making present Business effective)
- Expand what has been acquired (identify potential and realize it)
- Enjoy what has been acquired (Making a different business for a different time)

It is evident that for efficient running of the state elaborate machinery has to be established. He was clear that it has to establish Vision, Mission and form an Objective to establish the defined goals of the organization in the Kingdoms.

C. The Organization Management

It is interesting to note that Kautilya has defined a total organization chart for all types of organization in the state with duties and responsibilities from the Top to Bottom person. He had also set up Policies, Procedures and Business processes rightup to operational level of the organization (Panchayati Raj in state machinery). Arthshastra has detailed framework and policies for state, Labor and employment, Industries, Society, Calamities and control of Vices. Kautilya gave more importance to Human understanding and brought out that it is more important to understand the complex human nature in effective management of Business (especially for HR managers) and state machinery. Kautilya warns of two undesirable attitudes of Human nature, Pranada meaning excess and Alaysa meaning inactivity to be watched and avoided. Here again Kautilya and Peter Drucker go hand in hand as Drucker defines an organization as having social dimension and economic objective. In view of the theories by Kautilya, Leadership plays a major role in human management.

D. Leadership in Management.

As per Kautilya the essence of Leadership lies in the acceptance by the subjects. He tells us to focus on the two pillars of the art of Governance: -

- Nyaya - The justice and
- Dharma – The Ethics

He also advises his king to identify Autocratic behavior by a leader and that one should introspect his Atma Doshas i.e., Deficiencies to improve them and develop himself as a better

leader. The leader should also study the deficiencies of his sub-ordinate leaders in the organization and counsel them to improve upon it. Kautilya has also mentioned that the holders of power in the organization/leaders should be competent, Honest, Dedicated to duty, not over-ambitious and loyal to the country/organization for prevalence of good administration and law and order/Justice in the state.

- The Leadership Skills - Kautilya has mentioned that there are 3 types of Skills that a Leader should possess and these became the Qualifying standard for Mantris/Top Leaders. The Qualities are: -
 - (a) Durdhachitra - Power of Concentration
 - (b) Shilavan – Character
 - (c) Pragna – Thinking capability
 - (d) Vangni– Communication skills
 - (e) Daksha-(Observation/Vigilance)
 - (f) Training – The leader should be trained in the area/field of expertise in which he leads a team.
 - (g) A Leader should have adequate level of Intelligence and perseverance.
 - (h) He should have the ability to bear troubles during contingencies and should be able to lead the team during bad times /adverse conditions.
 - (i) He should be friendly, accessible to his team, follow open culture and be of strong character. The skills mentioned above are required for most senior positions in corporate sector. The overall ability is judged by the capacity to do work, which is considered as a function of Technical, Behavioral and Analytical competencies as well as strength of character. Even today the Modern management concepts are in line with the principles of ancient IKStheories.

These competencies are same as Modern management concepts advocate as namely Knowledge, Skills and attitude. Some of the Gaps observed in corporate world are: -

- Poor selection of people – wrong man in wrong place.
- Inadequate Knowledge of leaders about the Business they are heading due to complex Technology driven Businesses.
- Lack of strong character and boldness – Hiding of facts from Top management for own vested interests/fear of loss of job.
- Attributing blame on Juniors/sub-ordinates/circumstances/Not taking ownership.
- Lack of Competencies; Improper training philosophy in the organization.

E. Human Behavior in Management.

Kautilya's knowledge about Human behavior is very astonishing. He has mentioned about six emotional devils which the Top leader/Managers (King/cabinet mantris) should avoid. He makes it very clear that at times the six emotional devils do not allow appropriate decision making in any operation. The emotional devils identified by Kautilya are: -

- (a) Kama (Lust)
- (b) Krodha(Anger)
- (c) Lobha (Greed)
- (d) Mana (Vanity)
- (e) Mada (Naughtiness)
- (f) Harsh (Overjoy)

All above mentioned concepts have been covered in Modern management but it appears that there are gaps in the implementation due to diverted focus of the corporates towards profits in the prevailing competitive Business environment.

F. External Factors in Management.

Kautilya has mentioned about the importance of External factors like developing relations with other countries (Mitra), establishing tie-ups/Diplomatic agreements for security, Defining Foreign policy and treaties in various areas of interest. Some of the attributes are Intelligence, Memory, Cleverness of speech, Knowledge of politics, Morals and Readiness to provide Resources. He also focusses on identifying external threats, supremacy of other kingdoms and resolving disputes through diplomacy and peaceful means but with a firm stand on own interests. These policies are also applicable for corporate sector to identify competition, market strategy, Product superiority, Pricing, Selection of vendors, Business partners and Mutual benefit agreements.

G. Decision Making and Time management: -

Chanakya has mentioned that a Leader should have a sharp mind and should take decisions by sound analysis and strategy in the interest of the organization. In view of this Time management is very critical duty of a leader. The same has been covered in Modern management on how good and timely decision making by a leader lead to success or fall of an organization. But to have this trait a leader has to have in-depth knowledge of concerned business and market environment.

H. Theory of Motivation.

Arthshastra defines 4 methods of Motivation types and are as follows: -

- Sama – Persuasion method of Motivation
- Dama – Incentive or Reward Method of Motivation
- Bheda – is the internal competition method of Motivation.
- Danda – is the punishment method of Motivation by use of power/force/authority

From Modern management literature there are 2 theories of Motivation: -Theory “X” and Theory “Y” types of Motivation. In most organizations the leaders apply the same Theory to all employees and so do not get desired results /maximum productivity from employees. It is very essential to apply a mix of motivation theories based on situation and understanding of Human nature/Business environment e.g. During Covid time some organizations cared for their employees and welfare schemes were introduced to motivate them in bad times which improved productivity and also gained Loyalty.

I. The GET (Gains Expenses & Troubles) Strategy Analysis.

Kautilya's GET analysis strategy as mentioned in book 9 Chapter 1 states that the leader of an organization should compare the strengths, weaknesses and Threats of own and enemy forces and then take a conscious call based on GET analysis. It may be indicated that the GET analysis is comparable to Modern management SWOT (Strength, Weakness, Opportunity and Threats) analysis of strategic management. In conducting GET analysis Kautilya also recommends analysis of support and dangers, both internal and external. He also suggested that the relative strength or weakness of powers, place and time should also be considered, wherein the expression of power refers to personal drive as well as Resource availability. This concept

is applied to the area of strategic marketing wherein the Product Power, Time and Place are very important elements (the four Ps of Marketing- Product, Place, Price, and Promotion)

J. Customer Orientation – Pricing Methods and Market Control by Regulatory Authorities.

The concept of Demand and Supply and the impact on pricing of commodities was also given due consideration in Arthshashtra. The interest of customers should be given prime consideration. Kautilya had mentioned that State can intervene in such matters to protect consumer rights and can define Policies on the subject. Modern management also lays emphasis on Regulation of Markets by Government authorities like Regulation in Telecom (TRAI), Regulation in Real Estate (RERA) and many other businesses have been controlled to protect consumer rights and maintain fair Trade practices. However, Gaps still exists in such Regulations and there is steady progress made by concerned authorities.

K. Comparative Analysis of Principles of Management Parameters/Skills- IKS Vs Modern Management

Some of the Gaps are taken from Industry performance reports/Business publications/frauds incorporates and best practices are indicated/ given based on Authors Experience and Corporate Case studies. There is a need to create a good work culture with emphasis on Efficient work Life balance and high employee morale.

Even if companies are to be shut down or merged with other companies the Employee should be given a very fair option with Good Financial backups and necessary support to find new opportunities.

The Comparative analysis of IKS Vs Modern management concepts/skills/Traits, Gap analysis and Suggested Optimal Best Practices are as shown in Table below: -

SI No	Principles of Arthshastra	Principles of Modern Management	Gap Analysis	Probable Best Practices
1	Arthshashtra and Modern Management			
	The means of starting undertaking/Assignments	Project Management /Responsibility	Delay in Project implementation	Meticulous planning and practical understanding of Project Risks & solutions
	Excellence of Men and Materials	Staffing, Training and Organisation Management	Lack of proper Training of staff and high attrition rate in Industry	A sound policy on Job description, Training and Job allocation as per skills
	Provision against failures & work accomplishment	Contingency planning	No clarity or vision of anticipated Risks and lack of experience	Use of scientific Tools in all areas of management Tasks
2	Vision and Mission of the Organisation			
	Prabhu Shakti (Vision)	Vision of Organisation	Many organisations do not have a clear policy	Top management should make the Policy & communicate to all personnel
	Mantra Shakti (Mission)	Mission of Organisation	Many organisations do not have a clarity	Mission should be defined clearly so that all departments are aligned to this goal
3	Leadership			
	Technical/Professional	Core business Skills	Missing competencies	Use Subject Matter Experts
	Intelligence, & Perseverance	Mandatory skills for a Business leader	Difficult to assess this skill but background Education from reputed institutes can give fair idea of this skill.	Skill can be tested in Direct observation in handling of Daily Assignments
	Eloquence, Boldness & Presence of Mind	Presence of mind and Boldness skills can be improved and developed	Can be tested by direct observations and daily assignments .Most leaders are not Bold and upright	The concerned immediate Boss should counsel the leader based on observation and help improve the skills
	Behavioural	Impacts employee morale	Can be tested from Direct observation and daily Transactions . Most leaders are very Rude	Skill can be developed based on performance feedback by superior person in the organisation
	Character	should be strong	Need to get References & make inquiries. Most of the times this activity is not done to accuracy	References and character validation activity has to be very methodical and correct.

SI No	Principles of Arthshastra	Principles of Modern Management	Gap Analysis	Probable Best Practices
4	Human Behavior in Management			
	Kama	Lust	Some Top mananers fall ore to it thus putting company image and Business at Risk	Sufficient checks and balances /audits/Vigilance e in place to curb such occurrences
	Krodha	Anger	Managers harsh in their dealings	Identification of such managers and timely
	Lobha	Greed	Managers falling prey to monetary benefits compromising on organisation ethos	Strong organisation policies should exists and should act as a deterrent to employees
	Mana	Vanity	Many organisations are not maintaining respect and digniity culture	Good HR policies on Behavior and culture of mutual respect and Good will should exist
	Mada	Naughtiness	Still exists	Strong Policy and action against defaulters should exist
	Harsha	Overjoy	Employees become happy with achievement of small targets and often miss/lose focus the Annual/final targts	Regular review and achievements Vs Failures should be projected for realistic assessment and avoidance of casualness and complacency avoidance
5	Motivation			
	4 Types - Sam, Dam, Bheda and Danda	2 Types Theory X and Y	Leaders are using same type of Motivation on all employees irrespective of situation and Human nature	Leadrrers should apply Motivation techniques as per Human nature and situation /Mix of Theories with Tact. Involvement of Junior supervisors to develop team spirit and enhance loyalty.
	Good Person - Sama and dama Theory	Theory - Y		
	Work Shriker Type - Sama, Dama and Bheda	Theory - Y		
	Indisciplined Type - Force - Danda Theory	Theory -X		
6	GET /SWOT Analysis			
	Gains	Strengths & Opportunities	Lack of adequate research of Market environment, less knowledge of competitor business strategy leads to wrong business decisions	A Good experts of Market Research /Business Analytics team can add value. Latest tools/Artificial Intelligence /Analytics would help. Option of Subject matter experts is also open
	Expenses	Weaknesses		
	Troubles	Threats		

Conclusion

Based on the comparative analysis of the concepts of management from IKS (Arthshastra) and Modern management the following are some of the salient points: -

- The concepts of management and leadership mentioned in the IKS/Arthshastra are very relevant even today and need to be implemented in corporates in spirit and practice by improving upon the Gaps, as applicable.
- The teachings of IKS (Arthshastra) and implementation had a major role in elevation of a normal king to an Emperor who ruled the whole of India (Golden Era of Chandragupta Maurya). Hence the concepts have a strong success story. The success is due to dedicated implementation of Management concepts.
- The Gaps in implementation mentioned above in comparative analysis are drawn from Experience and performance of the corporates, as published in various Business magazines and financial performance of Companies Annual reports.
- A very important quality of a leader is that he should be Bold, Upright, has a strong character and should not fall in for Greed Eand personal gains. This is evident from the events and incidences of wrong Governance and Frauds done by some CEOs/COOs/MD level top leaders. Corporates should be very cautious in selection of such Top-level Leaders to lead an organization. Also, a strong and Good leader may sometimes refuse bad directions from Top management and even politely correct them and give correct advise in

the larger interest of the organization (e.g Field marshal Sam Manekshaw episode with PM Mrs Indira Gandhi on Bangladesh war of 1971)

- (e) Arthshastra though is very ancient but the principles are more or less covered in Modern management theories. What has to be derived from ancient IKS is that they were applied and followed with dedication and in true spirits. Today's corporate world seems to adopt short cuts, in view of Business pressures and growing stressful Business environments. The need is to adopt all principles in true spirit and follow the Ethics and make it a part of corporate culture. Management kills development for Leaders is a continuous process.

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