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## **Business Ethics and Society- From the Perspective of Chanakya's "Arthshatra"**

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### **ABSTRACT:**

Since its ancient times India is considered as land of practical management and flawless applications in the field of business. It is historically proven fact that the great Maurya dynasty period in India witnessed the best practices of applied management based on the dictums of Chanakya. Arthashastra and Chanakya Sutras are the two undeniable gospels of Indian management, to act as a torch bearer for the Indian management system for the corporate world of 21st century. Chanakya's encyclopaedic work, "Arthashastra" is about different aspects of governing a monarchy; such as, administration, diplomacy, taxation, revenue, business, trade etc. He advocated an economy by private entrepreneurship with strict state monitoring to control the trade practice and collect revenues for royal treasury through employees and superintendents. In "Arthashastra", Kautilya directed that a king (CEO in the context of organisation) should aim at establishing a welfare nature of state with a key role in the protection and promotion of the economic and social well-being of its citizens. Following the same, recent business practice should run with the objective of satisfying the interest of its stakeholders. Years before, Kautilya provided the guideline for business practice based on Vedic and traditional ethical values to perform certain social obligations which is still applicable in modern organisation. This paper aims at exploring recent business practices in the context of Chanakya's perspective to find out the similarities and diversities, by which we can also find the way ahead for holistic development of society through application of ethical thoughts and principles developed by Chanakya in ancient India. The methodology used for this purpose is hermeneutics; which is a study, understanding and interpretation of ancient text. It is one of the qualitative research methodologies used in social science.

**KEY WORDS:** Arthashastra, Chanakya, Doctrines of Chanakya, Ancient India, Vedic

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### **INTRODUCTION:**

In our ancient Indian scriptures, Artha is known as one of the trivarga (Dharma, Arth and Kama) or three goals of human life. The livelihood of men is depended upon treasure. The idea is that the earth is colonized by human being following various professions constitutes artha. The word "Arthashastra" means principles for managing money or wealth in various form such as trade, business, agriculture cattle rearing etc. and it tried to endeavour acquirement and maintenance of the "Artha" or wealth. Kautilya says that treasury or finance is the most important element of the state and without it the well-being (yogakshema) of the people is not possible. Initially, Kautilya developed some principles and practices for maintaining and enhancing the strength of state and for control of a monarchy. If we want to protect our nation from our enemy, we will have to be very strong and wealthy; similarly in today's context interest of the stakeholders can be protected only by a strong and wealthy company. Chanakya's way of governing a state is very similar to the current age concept for management of a business enterprise. According to Kautilya, "The king, the minister, the country, the fortified city, the treasury, the army, and the ally are the constituent element of the state" (6.1.1). Similarly seven pillars of modern corporate sector are: the leader, the manager, the market & customer, the head office, the treasury, the team and the consultants. Kautilya has suggested that the state shall control all activities of governance. According to Kautilya, the state plays the role of facilitator, regulator and protector. Kautilya directs that a king must try to establish a welfare nature of state with a key role for the security and advancement of the economic and social well-being of its countrymen. Chanakya's view concerning to regulating and governing a kingdom is equally applicable in running and developing a corporate sector in modern business context. Study of Ancient practices for imparting ethics throws some light on the evolution of the present science of ethics which is more specific to business approach. Lot of ideas practiced and the system in usage in governing business entity today has been borrowed from the ancient system and its relevance can be even seen today. This paper intends to assess the issue of business ethics and its implication on today's society through perspective of Chanakya's "Arthashastra"

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### **LITERATURE REVIEW**

Trade and business has been treated as a source of generation of revenue in the Kautilya's time. Income raised through trading went partly to finance the army to expand the territories and to provide better infrastructure to the people. The private entrepreneurs were free to carry out their transactions and the state allowed many private sectors to bloom and flourish. At the same time the basis of "Arthashastra" is that one must struggle to generate wealth, resources, money, and share it equitably to create pleasure for oneself and others. Such generation of wealth must be through ethical means,

which alone will lead to overall happiness. In "Arthashastra", we find the trading activities were done under the scrutiny of the public sector which was run by the state such as Mining, Liquor, Gambling, etc. At the same time the private sectors are allowed to do business. Private entrepreneurs had to intimate the state before any such activity took place. Individual traders were free to continue, they had to fulfil with the authorities appointed by the state. The Superintendent of Trade should not create any restrictions on the commodities of high demand (2.16.34). Cornering of a particular commodity and forcing its price above that fixed by the state involves very heavy fine. In case of glut of commodity panyadyaksha is to intervene and centralize the sale of that commodity so that price does not slump up. The entire supply is purchased and sold through agency of the state. The director of Trade should be conversant with the differences in prices of commodities of high value and of low value and the popularity or unpopularity of goods of various kinds and suitable times for restoring to purchase, disposal or sale. The commodity which may be plentiful, he should collect in one place and raise the price. When the price is reached, he should fix another price. Traders should sell royal goods in many places with the fixed price. They should pay compensation in accordance with the loss. State goods sale of that commodity so that price does not slump up. The entire supply is purchased and sold through agency of the state. The director of Trade should be conversant with the differences in prices of commodities of high value and of low value and the popularity or unpopularity of goods of various kinds and suitable times for restoring to disposal, purchase or sale. Clashes between buyer and seller must be settled within one day, as per nature of clashes, days may be extended. (2.4.77).

Kautilya mentioned that economic well-being the key to other activities (arthamulau hi dharmakamaviti). According to him a strong monarchy would be in a position to protect the interest of the people; similarly in today's context a strong and wealthy company can protect the interest of its stakeholders. In today's corporate world, each and every business has to maximize its profit so that they can be able to provide greater benefit for the stakeholders and at the same time is able to fulfill more social responsibility. Kautilya has stated that the happiness of the king lies on the happiness of his subject; and welfare state means welfare of the people (Bahujana sukhaya bahujana hitaya cha). According to Kautilya, attainment of good governance entails that the objectives of the state are fulfilled and realized. This principle is relevant even today. A company following strict corporate governance system and doing business in an ethical way can easily win the confidence of the government, customer, debtors, creditors and other stakeholders. Eventually these companies are better placed in the market in terms of brand value, equity value and market value having more advantages than the rival companies. Well-defined and enforced corporate governance provides a structure that works for the benefit of every stakeholder of the company.

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## OBJECTIVES OF STUDY:

- This paper aims at exploring recent business ethics practices and its implication on today's society through perspective of Chanakya by which we can also find the way ahead for holistic development of society through application of ethical thoughts and principles developed by Chanakya in ancient India.
- To create awareness to readers of management on the existence of a 4th Century management literature called the Arthashastra.
- To highlight the contributions of ancient Indian history, philosophy & culture to management thought.

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## METHODOLOGY

The methodology used for this purpose is hermeneutics; which is a study, understanding and interpretation of ancient text. It is one of the qualitative research methodology used in social science. Available sources from secondary streams are used for the comparative analysis, those include literature of ancient Indian history, philosophy of India, political economy, Sanskrit texts, interpretation works of oriental literature and texts, and other commentary works which are found relevant to the time and the context. Some of the discourses of the specialized symposiums and seminars were used for the conceptualization of this research. Management approach is followed in this research to rediscover and explore the core competencies of the works of Chanakya and his time. Many of the translation of Pali script texts were referred for the purpose of the research and to establish the Chanakya's original ideas skills and strategies.

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## FINDINGS

In Arthashastra, Kautilya indicates that although the state is in a privileged position of a monopolist, it should co-operate with the private sector for proper utilization of resources. A strong private sector is a source of strength to the state. Kautilya holds that wealth and wealth alone, is important, in as much as charity and desire depend upon wealth for their realization. "Arthashastra" provides guidelines for doing business in such a way that it can fulfil certain social obligations. Successful companies of our modern world are virtually working by the same approach. They have a prudent balance in their dividend distribution, retention of funds and in charitable activities. In fact in present days, the widely discussed concept of corporate governance and corporate social responsibility is evident in the "Arthashastra". According to Mr. Narayana Murthy, the Chief Mentor of Infosys Technologies, the biggest problem faced by India today is poor quality of public governance. Effective public governance is must for all-round development of a country. Poor public governance leads to the downfall of the economy. This results in the emergence of many social evils (Scams like Satyam, Harsad Meheta etc.). In India, public governance is not being practiced to the fullest manner and this is the reason for all the social evils in India. In "Arthashastra", public governance was the priority. According to Kautilya, fulfilment of good governance entails that the objectives of the state are fulfilled and realized. This is possible through properly organized and guided administration. This principle is relevant even today. A government is good, if it is administered well. Kautilya recommended a strict code of conduct for ministers, administrators, public officers, traders, artisans etc. Kautilya considered the problem of corruption caught in every sphere of public life. "Arthashastra" can be useful guidelines in the formulation of new policies concerning trade practices. There is no autonomous mechanism that will ensure that a nation would benefit from trade in

the absence of very strict rules and regulations. "Arthashastra" was written several centuries ago. It is, therefore, amazing that this treatise covers many of the problems that the world is presently facing.

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## MANAGERIAL IMPLICATIONS

Business ethics is the application of ethical principles and methods of analysis to business. Kautilya probably distrust traders because he said, Nasty Achora Vvanikjana. Considering the issue of ethics in business Kautilya stressed on the importance of fair trade practices. "Arthashastra" emphasis both on fraud deterrence as well as fraud uncovering. Kautilya has laid down fines for contamination and supply of goods of a lower quality, not paying of duty, unethical transaction, etc. and ruination of any law of trade and business. Kautilya realised that the role of the state was to ensure that the consumers were not cheated. Kautilya prescribed the ethical guidelines regarding selling and purchasing, fixation of selling price. Kautilya's views on trade are extremely relevant even in the present age of globalized trade. Kautilya acknowledged that some degree of corruption would always exist, and cannot be rooted out completely and at the same time identification often becomes impossible. Kautilya imposed strict ethical guidelines on the traders, artisans, professionals, farmers, goldsmiths and for every strata of society in order to create a strong public governance system. 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). Root of any business remains in its philosophy and it is also important to maintain ethical standards in every respect. Kautilya emphasized to maintain the standards of public governance in the Mauryan Empire. Business should follow the basic principles of business ethics. 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 mentioned "When a trader sells or mortgages inferior as superior commodities, articles of some other locality, as the produce of a particular locality, adulterated things, or deceitful mixtures, or when he dexterously substitutes other articles for those just sold (samutparivartimam), he shall not only be punished with a fine of 54 panas but also be compelled to make good the loss" (3.2.26). 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.

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