



Chanakya's Lessons On Company Administration

WITH A FOCUS ON EMPLOYEE RELATIONS, TEAMWORK, FINANCE, AND STRATEGY

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Abstract: This study has been undertaken to examine Chanakya's lesson on company administration with special focus on employee relations, teamwork, finance, and strategy. Effective administration is fundamental for the success and sustainability of any enterprise. The modern management gurus, largely from Western countries, provide a variety of lessons for good governance, highlighting on leadership, strategy, and ethical behaviour. However, such lessons were documented in India by Chanakya in his famous book Arthashastra more than 2000 years ago. The present study found that according to Chanakya, the HR department should consider qualities like desire to learn, effective listening ability, ability to reflect, ability to reject false views, and intent on truth while selecting management trainees in modern organization. But, while selecting experienced managers, the qualities to be considered are technical competence, intelligence, perseverance, dexterity, presence of mind, ability to bear troubles during emergencies, firmness, and moral strength. In managing finance, he recommends that managers must ponder over critical areas like net profit, treasury in difficult times, proper wages, budgeting, internal accounting systems, paying taxes on time, and proper accounts. To build better teamwork, he emphasized the right business partner, effective meetings, public relations, getting everyone involved, proper communication, and common purpose. In formulating strategy, managers must keep an open mind, gather required information, manage multiple projects, pursue continuous education, and practice corporate social responsibility.

Index Terms - Arthashastra, Company administration, employee relations, Teamwork, Finance, Strategy.

I. INTRODUCTION

Chanakya, also known as Kautilya and Vishnugupta, was an Indian philosopher, statesman, royal advisor, and a master political strategist. He was born sometime in the fourth century BCE in a Brahmin family. He became a counsellor and advisor to Chandragupta (reigned c. 321 – c. 297 BCE), founder of the Mauryan Empire of northern India. He was instrumental in helping Chandragupta overthrow the powerful Nanda dynasty at Pataliputra, in the Magadha region. He documented his lifelong work in his books Kautilya's

Arthashastra and Chanakya Niti more than 2000 years ago. The book Arthashastra has become a source of national pride, rivalling works by philosophers in the West.

Pillai (2010), in his book “Corporate Chanakya” described Chanakya as a rare mastermind who became an expert in varied and specialized fields like management, economics, politics, law, leadership, governance, warfare, military tactics, accounting systems and several others. The 6000 sutras have been written by Chanakya have been classified into 15 books, 1500 chapters, and 180 topics. Even though, his famous book Arthashastra is a treatise on state governance, written with the idea that able government will lead to a generation of wealth for the people of the nation. It clearly portrays about the way the State’s economy is organized, how ministers should be chosen, how war should be conducted, and how taxation should be arranged and distributed. Interestingly, the teachings of Arthashastra can be applied to situations in the modern-day economy and corporate governance (Muniapan and Shaikh, 2007). Corporate governance or company administration is the system of rules, practices, and processes that guide how a company is run and controlled for the interests of company’s stakeholders such as employees, shareholders, senior management, customers, suppliers, lenders, community members and local, state and federal governments (Chen, 2024). Corporate governance practically covers every area of management, from action plans and internal controls to performance measurement and corporate disclosure. Evidences reveal that most successful companies strive to have exemplary corporate governance. Good corporate governance generates following benefits:

- Establish trust with investors, communities, and public officials.
- Ensure investors and stakeholders understand a company's direction and corporate integrity.
- Enhances long-term financial viability, opportunities, and returns.
- Help raise capital
- Boost share prices
- Improve corporate reputation and client retention.
- Minimize financial loss, waste, hazards, and corruption.

Since, it would not lead to amplified to state that each modern management theory had already been explored thousands of years ago in Arthashastra. Therefore, the present paper intends to examine the relevance of Arthashastra in company administration in the contemporary business world.

II. OBJECTIVE OF THE STUDY:

The present paper examines the lessons of Chanakya on company administration with focus on four areas viz., employee relations, teamwork, finance and strategy.

III. RESEARCH QUESTIONS:

The present paper explored the answers to the following research questions:

- a. What are the Chanakya’s lessons on employee relations?
- b. What lessons about financial management does Chanakya impart?
- c. How can organisations attain better teamwork through Chanakya’s teachings?

d. Finally, what are Chanakya's lessons on strategy formulation?

IV. RESEARCH METHODOLOGY:

The present study is of qualitative in nature and follows a descriptive research design. The paper is mainly based on secondary data collected from different journals, books and websites. Since, company administration or corporate governance covers almost every area of management from action plans to corporate disclosure, but present study examines the lessons of Chanakya in the background of four areas of corporate governance viz., management of employees, management of finance, teamwork and strategy.

V. RESULTS & DISCUSSION:

5.1. Chanakya's Lesson in Selection of Employees:

Good employee can contribute to the success of an organization in many ways including productivity, teamwork, communication, integrity, morale, job satisfaction, and leadership. Reliable employees can help increase productivity and efficiency by completing tasks on time. They can improve customer satisfaction by delivering high-quality service and work consistently. An executive manager plays a key role in the successful functioning of a company. His selection and appointment are very important for the growth of the organizations. Chanakya, in his Arthashastra gives us detailed guidelines to follow while selecting managers who are fresh management trainees and also those who are experienced and need to be directly recruited for higher responsibilities.

Table 1: Selecting the Right Managers

<i>Selection of Management Trainees:</i>	<i>Selection of Experienced Managers:</i>
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<p>Book one, Chapter five of Arthashastra (Pillai, 2015) points out the various qualities that must be tested by the Human Resource department when it hunts for management trainees during campus interviews. Kautilya says that a trainable person is one who has the following qualities:</p> <ol style="list-style-type: none"> 1. Desire to Learn: Should be open-minded. 2. Effective Listening Ability: Listening is hearing plus thinking. 3. Ability to Reflect: He should be able to analyse a situation from various perspectives. 4. Ability to Reject False Views: He should be able to reach his own conclusions. 5. Intent on Truth, Not on Person: This is the ability to separate the person from the problem. He should be able to stick to the truth that he has reached after his own careful analysis. 	<p>The qualities that must be tested before recruiting a person from another organisation is given in Book one, Chapter nine of the Arthashastra (Pillai, 2015). These are:</p> <ol style="list-style-type: none"> 1. Technical Competence 2. Intelligence, Perseverance, and Dexterity: His experience should also be coupled with the intelligence to understand the crux of any problem. He should have the ability to progress in spite of various hindrances. 3. Eloquence, Boldness and Presence of Mind: He must have the ability to make quick decisions and a personality that reflects confidence. 4. Ability to Bear Troubles during Emergencies: The true test of a good manager comes during a crisis. He should be able to shoulder all responsibilities and execute an immediate action plan. 5. Uprightness, Friendliness, and Firmness of Devotion While Dealing with Others: He should be a people's man. Management is the ability to get the work done from the right people. 6. Strength of Character: Moral strength and ethical dealings have to be conveyed by action rather than just words.
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Source: Corporate Chanakya on Management (Pillai, 2015)

5.2.Chanakya's Lesson in Management of Finance:

Finance is the lifeblood of any business organization and thus prudence management of it is utmost essential. Pillai (2018) in his book "Chanakya and the Art of Getting Rich" states that there are four stages of wealth that have remained constant across generations. These four stages viz., wealth identification, wealth creation, wealth management and wealth distribution are the steps that rich people have followed for decades and are called eternal principles of wealth. The lessons of Chanakya's Arthashastra in management of finance:

- **Net Profit Counts:** Chanakya says “When assigned work, he should show income cleared of expenses”. This is a simple, yet most important basic lesson for the head of a business unit or profit centre. What is left from sales minus the expenses are profits i.e. bottom line. This is what differentiates successful businesses from sick businesses.
- **Take Care of Treasury in Difficult Times:** Financial stability and security is very important, so keeping treasury full should be the leader’s prime concern. Chanakya advises, “The (king) without a treasury should collect a treasury, when difficulties concerning money have arisen”. There will always be difficult times, when money does not come into treasury. Even during these times, a king has to carry on with collecting revenues and keep the business going.
- **Wages:** For Chanakya, the subjects and their welfare was more important than kingship. Thus, every CEO has to take into consideration the welfare of his employees first, which will ultimately benefit him. Chanakya wrote “In the happiness of the subjects lies the benefit of the king and in what is beneficial to the subjects is his own benefit”. *Example: Consideration for employees:* What had been visualised by Chanakya in 4 B.C. found its way in the Minimum Wages Act of 1948.
- **Budgeting:** The term Budget signifies estimation and organisation of revenue and expenditure of an organisation or state. A sound financial foundation is necessary for an organisation or state to be sound and stable. Chanakya emphasises that the officer in charge of finance (the CFO in today’s corporate world) should concentrate all his efforts on increasing income and reducing expenditure.
- **Internal Accounting Systems:** Chanakya says “He (leader) should check the accounts for each day, group of five days, fortnight, month, four months (quarterly) and a year”. Not only do proper records have to be maintained, it is important for the leader to check these on a regular basis.
- **Paying Taxes on Time:** According to Chanakya it is the duty of the citizen to pay taxes and that of leaders to use the taxes for nation building.
- **Proper Accounts:** Chanakya’s Arthashastra is an ancient book that explains financial procedures and systems in detail. He emphasized the importance of maintaining regular and daily accounts.

5.3. Chanakya’s Lesson in Building Better Teamwork:

The most successful companies, organizations and groups have one thing in common – the ability to ignore individual differences and work as a team. Teamwork is the most essential ingredient that helps groups achieve various goals in spite of various ups and downs. The leader may be talented and capable as an individual, but he cannot achieve his goals without the help of an efficient team. Chanakya warns leaders saying “Rulership can be successfully carried out (only) with the help of associates. One wheel alone does not turn. Therefore, he should appoint ministers and listen to their opinions”. Good CEOs have good managers. Relevance of Chanakya’s Arthashastra in Teamwork:

- **Right Business Partner:** Chanakya advises, “If situated between two stronger kings, he should seek shelter with one capable of protecting him”. So, when multiple potential partners arrive with a lot of money and experience, one should be very alert and cool headed. After all a wrong choice can

ruin the business. Here are few tips to determine who will be the right partner: *Consider Values, the Long term approach, and it's not just money.*

- **Effective Meetings:** Meetings, meetings and more meetings. As one climb higher up the corporate ladder and business grows, meetings will become an inevitable part of life.
- **Public Relations:** It's all about great relationships that are maintained with clients, suppliers, shareholders, employees and every other person come into contact. Chanakya's advice to kings and other leaders to maintain good public relations.
- **Get Everyone Involved:** Problems are always cropping up in any organisation. Chanakya advises that the entire office team has to come together when fighting a problem. For example, if your company's sales figures are affected, don't expect only the sales and marketing department to look into the issue. Call key persons from all departments and brainstorm the issue together.
- **Power of Communication:** Chanakya knew the power of communicating well. In fact, he highlighted how it's even easy to use words as a weapon, and how to avoid this from happening.
- **Common Purpose:** Life is all about partnerships be it between spouses, friends, or even business associates. Many relationships work, and many don't. Chanakya gives a very clear idea about the same.

5.4. Chanakya's Lesson in Strategy Formulation:

A strategy is a general plan to achieve one or more long term or overall goals under conditions of uncertainty. Following are the important lessons by Chanakya in Strategy formulation:

- **Requirement of Information:** Due to the rapid growth in the information technology industry, any information is now available in a split second. However, one wonders if all kinds of information are really useful or is it just junk that is being dumped on us. Some careful thought will help us use all this information productively. Chanakya in the Arthshastra says it is very important for a person to be well informed.
- **Keep an Open Mind:** Chanakya emphasises the importance of open minded and some of the best business ideas come from listening to others. One never knows where the next biggest idea will come from. The art of effective listening is very important in business. Even the most unexpected person could give the key information.
- **Managing Multiple Projects:** Every leader, manager and executive has to handle multiple tasks at any given point of time. This is unavoidable. Chanakya advises us on how to manage multiple projects and make more profits for the company. He states "And (they) should bring about the commencement of what is not done, the carrying out of what is commenced, the improvement of what is being carried out and the excellence of (the execution of) orders, in the case of works". (1.15.51). He looks at four types of works that an executive has to carry out: Commencement of What is Not Done, carrying out What Has Been Commenced, Improvement of What is Being Carried Out and Excellence in Execution of Orders.

- **Constantly Educate Yourself:** We need to continuously learn in order to grow, only then external benefits like increments, promotions, and higher responsibilities come to us. This is where Chanakya advises us: “*During the remaining parts of the day and the night, he should learn new things and familiarise himself with those already learnt, and listen repeatedly to things not learnt*”. (1.5.15)
- **Corporate Social Responsibility (CSR):** The concept of CSR is well known throughout the business world today. It not only speaks of contributions made towards the benefit of the less privileged, but also calls for making oneself accountable to society. Chanakya makes it clear that while it is the government’s basic duty to maintain a society’s wellbeing even companies cannot stay away from this responsibility.

6. POLICY IMPLICATION & CONCLUSION:

The present paper highlights key lessons from Chanakya that has relevance for effective administration used in modern-day business enterprises. Successful implementation of these lessons benefits immensely in the form of building trust with different stakeholders promotes long-term financial stability, contributes to rising of share prices, enhance goodwill of the firm and so forth. In order to ensure good corporate governance a modern-day manager should focus at least on four basic areas namely management of employees, management of finance, teamwork and strategy.

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