

Modern Management Through Ancient Indian Wisdom: Towards a More Sustainable Paradigm

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Abstract

The paper attempts to establish the relevance of the teachings of Ancient Indian scriptures like Vedas, Upanishads, Bhagavad Gita, Manu-smriti, Arthashastra, etc in the practice of Modern Management. In this paper, we will see that though Drucker's modern management paradigms like MBO are very ideal theoretically and can be derived from the ethical and spiritual frameworks of ancient Indian ethos however, in practice, companies are struggling to implement these frameworks effectively because they are still not aligned to the teachings of ancient Indian scriptures. Also, through the same body of knowledge derived from ancient Indian scriptures, we will try to understand the reasons behind individual decision-making failures ultimately leading to institutional failures and in the process would look forward towards integrating some elements into the existing frameworks to create a more sustainable management paradigm. In this regard, I have created a model which depicts a 6-fold path of "Jnan" or Knowledge through which we can not only better manage on an individual as well as institutional and global level, but also better able to contribute towards restoring World peace and uniform economic order through spiritual congruence.

Introduction

The world economy is once again at the eye of a storm. Again we witness a massive shakeout in the financial markets across the globe due to the recent downgrading of the US economy by a renowned credit rating agency, Standard & Poor's which further said that it will further downgrade US and many other developed economies if they do not improve their debt situation. We have situations of riot at UK, mass upsurge among people in Greece due to growing unemployment in the European countries, currency instabilities, etc.

Since the economic downturn in mid-2008, we have observed many companies in the West filing bankruptcy, laying-off people, rising debt, many corrupt practices among business coming to light, etc. Some of the companies which were icons of best-practices within their industry miserably failed. The failure of giants like Lehman Bros, AIG, Bank of America, General Motors, Circuit City, etc is raising doubts about the sustainability of the management practices in these institutions. Moreover the on-going struggle and appearance of more big names in the list of struggle is further raising doubts about the sustainability of these management principles and practices much of which has been influenced by Adam

Smith, F.W. Taylor or more recently Peter Drucker.

On the contrary, we have seen a more resilient India in the past 2 years which is not just continuing the growth-story of Indian economy but is also able to better cope up with the global financial crisis. In the midst of the global financial crisis, we have seen aggressive inorganic growth in the Indian corporate sector. Companies like Tata, Bharat Forge, Ranbaxy, etc have rather taken the opportunity for boosting their M&A activities, expanding business through buying some firms in Europe, UK, US, etc at a much lower valuation. We haven't seen any major Indian company going to the stage of bankruptcy during these tough times. Also, suddenly India seems to be a dream destination for doing business (as against the Western counterparts like US, UK, etc) in the global economy. All this leads to one fundamental question:

“How India can really contribute towards making the existing modern management paradigms more sustainable even at the midst of business uncertainty?”

The answer to the above question broadly lies in the Indian ethos. Indian ethos has a very rich and old tradition which is more than 3500 years old as against the modern management principles which are at a much more infant stage. Much of these ethos is derived from the ancient Indian scriptures like the Vedas, Upanishads, Ramayana, Bhagavad Gita, Manusmriti, Arthashastra, etc.

The ancient Indian ethos which has stood the test of time can help Modern Management principles to create a more sustainable model of management. In the subsequent sections we will observe that many of the tenets of modern management principles can be drawn from Indian ethos. In this context, it is important for us to revisit the principles of management laid down by Peter Drucker because much of modern management has been influenced by his writings. We will try to identify the gaps that might exist in the present framework of modern management and how Indian ethos can fill that gap to create a more sustainable paradigm for management practice.

Revisiting Drucker on Modern Management

Most of the modern management post-second World War and great depression has been influenced by Peter Ferdinand Drucker's writings on management principles and practices.

Some of the basic principles of management according to Drucker are:

- Management is about *human beings*. Its task is to make people capable of joint performance, to make their strengths effective and their weaknesses irrelevant.
- Because management deals with the integration of people in a common venture, it is

deeply embedded in *culture*.

- Every enterprise requires commitment to common *goals and shared values*. Without such commitment, there is no enterprise.
- Every enterprise is learning *and teaching institution*. Training and development must be built into it on all levels— training and development that never stop.
- Every enterprise is composed of people with different skills and knowledge doing many different kinds of work. It must be built on *communication* and on *individual responsibility*.
- Neither the quantity of output nor the “bottom line” is by itself an adequate measure of the *performance* of management and enterprise.
- Finally, the single most important thing to remember about any enterprise is that *results exist only on the outside*. The result of a business is a satisfied customer.

- (Drucker, 1974)

But Drucker also believed that Management is a liberal art and said –

“...Management is thus what tradition used to call a liberal art: 'liberal' because it deals with the fundamentals of knowledge, self-knowledge, wisdom, and leadership; 'art' because it is practice and application. Managers draw on all the knowledge and insights of the humanities and the social sciences—on psychology and philosophy, on economics and history, on ethics as well as on the physical sciences. But they have to focus this knowledge on effectiveness and results—on healing a sick patient, teaching a student, building a bridge, designing and selling a user-friendly software program...”

- (Drucker, 1974)

Management has certainly drawn a lot through inter-disciplinary researches from the various fields of social and natural sciences, but ethics still remains low in the priority list. The result is apparent. In spite of many organizations coming up with innovative business models and creating best practices, we have corporate scams, bankruptcy, etc still haunting the business world. The fundamental reason for the failure of these organizations has been failure in creating sustainable business practices because they lack morality or fail to make any ethical considerations while making any business transaction. Most of the decisions are based on “profit” alone. What happened in the sub-prime crisis or corporate scams in corporate America can be attributed to various economic reasons. But the primary reason

was wrong management decisions driven by “greed” or misreporting of the actual financial scenario of the company.

Many of the modern management thinkers emphasized “profit” as the sole motive of any business organization. Against this, the proponents of business ethics tend to make profit secondary and social welfare as the primary motive. They somehow undermine “profit-making” and only emphasize on the social responsibility of business. But Drucker maintains a simultaneous emphasis on Profit as well as welfare. He said –

“It is not enough to do well; it must also do good.' But in order to 'do good,' a business must first 'do well.'”

- (Pearce et al., 2010)

He further stated that –

“...If we want to know what business is, we have to start with its purpose. And the purpose must lie outside the business itself. In fact, it must lie in society, since a business enterprise is an organ of society. There is only one valid definition of business purpose: to create a customer. The customer is the foundation of a business and keeps it in existence. He alone gives employment. And it is to supply the customer that society entrusts wealth-producing resources to the business enterprise....”

- (Pearce et al., 2010)

So ultimately the moral responsibility of any organization is to at least show a profit equal to its cost-of-capital. However, in the recent past most of the failures of the organizations have been attributed various economic reasons. But we argue that it was a huge ethical failure on the organization's part. The top management took decisions over-and-above the broader interests of their stakeholders for which not just the organization but the stakeholders suffered a huge loss.

“Whenever an institution malfunctions as consistently as boards of directors have in nearly every major fiasco of the last forty or fifty years, it is futile to blame men. It is the institution that malfunctions.”

- (Pearce et al., 2010)

So, we conclude that when an organization or an institution fails, something is wrong with the management paradigm of that institution. Because what is happening in the current economic scenario is not that one organization has failed but a series of organizations is failing and most of them are failing due to some ethical reason.

To avoid such recurrences in future, what we need is new management paradigms with

strong ethical and moral values imbibed in them. In our pursuit to find more sustainable management paradigms, we integrate the existing management model with ethical values in the ancient Indian schools of thought viz. the Vedas, Upanishads (Vedanta), Bhagavad Gita, etc.

The following table lists the prominent schools of thought in Ancient Indian ethos:

Scripture	Description
The Vedas	There are four Vedas viz. Rig-Veda, Yajur-Veda, Sama-Veda, and Atharva-Veda. The primary thought in the Vedas is a mystic conception of the universe. The whole effort of the Veda is directed towards one goal – to achieve union of the individual Self (Atman) with the world Self (Brahma).
Upanishads	The Vedanta seeks to know the ultimate reality (Brahman) and the cause behind everything. In this pursuit it seeks to detach from the “Maya” and the material world and unite with Brahman (God or supreme consciousness).
Bhagavada Gita	It is a poem which depicts lessons on spirituality and ethics through a dialogue between Lord Krishna and the warrior Arjuna who is at a great crisis of his life. The Karma Yoga, Samkhya Yoga, Bhakti Yoga and the notion of three Gunas (Sattwa, Rajas, Tamas) have very important implications in the context of ethical leadership, decision-making and management which we will discuss subsequently.
Ramayana	It depicts the duties of relationships, portraying ideal characters like the ideal father, ideal servant, the ideal brother, the ideal wife and the ideal king. Apart from this, the Ramayana also teaches how the temptation for lust can bring a powerful and well established man’s doomsday.
Buddhism	(1) The founder of this school was Gautam Sidhhartha who later became Lord Gautam Buddha. The Buddhism is based on the four noble truths: (i) Suffering exists; (ii) There is a cause of the suffering; (iii) Suffering can be eradicated; (iv) There is a means for eradication of that suffering. Buddha establishes that everything on the earth is non-permanent. And, nothing on earth is self. Hence everything on this earth is “anatta” or not-self. Finally, Buddha taught the eightfold-path to liberation from all suffering.

Patanjali Yoga	It represents a form of personal discipline where we integrate the body and the soul, the individual self (Atman) with the Universal self (Brahman). According to Patanjali, Yoga is the control of the modifications of the mind. It is mind that leads to or to liberation; that most human problems are mental and that the only remedy to solve them is mental discipline
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The Jnana View of Modern Management

The practice of Management exists broadly in four levels which can be depicted with an “inverted” pyramid as shown in the figure 1. It starts from managing “self”. Managing your self through moral values and ethical principles is of utmost importance. Only when we practice morality and ethics and manage our desires and senses, then, we set examples for others to follow. This is the essence of leadership. Through leadership we are able to connect well with the broader society as we start sharing a common goal and purpose which is constantly striving for the betterment of the society. Better societal relations foster a sense of trust in the relationship. After a trust is established, it is the moral duty and responsibility of an organization to maintain that trust through properly managing the various relationships with the society as a whole and consumers in particular. From consumers and society, we then move towards addressing the triple bottom lines viz. people, planet and profits. People in the form of suppliers, distributors, bankers, employees, agents, etc constitute our “living” stakeholders. “Planet” constitutes the natural resources and the larger environment, the “non-living” or abiotic component of our stakeholders' domain. The living and non-living stakeholders are inter-related to each other through our organizational systems and processes. Hence, we use the term “business ecosystem” at this level to indicate this web of inter-relationships. Finally, we go to the level of global management which is facilitated by promotion of free trade both on a trans-national and trans-continental basis. The rapid globalization and inter-mixing of cultures is leading to the creation of a common “global” culture, where people of the various countries are exhibiting certain common cultural traits leading to the formation of a uniform world order with every person being a citizen of this new world order. That's why today we often use the term “global citizen” in the context of globalization and international trade.

This movement from the level of Self Management to Creation of a Uniform World order is through creation, exchange and transfer of knowledge at various levels. It is this knowledge which is instrumental in relating the individual to the larger society or the universal order. This is really in tune with the Vedanta school of thought where the ultimate aim of any person is to connect his “Atman” Individual Self” with the “Brahman” (Universal Self). And

it is through knowledge (Jnana) that an individual attains this Universal Self.

Our model in Figure 1 clearly depicts a 6-fold path towards attaining of this goal of connecting Self to SELF through Knowledge or “Jnana”.

The Six-Fold path constitutes the following steps:

- (i) Knowledge creation (jnana sriṢṢi)
- (ii) Knowledge acquisition (jnana prāpti)
- (iii) Knowledge transfer (jnana parivahana)
- (iv) Knowledge sharing (jnana sahabhājana)
- (v) Open innovation (mukta navaracanā)
- (vi) Spiritual Congruence (ādhyātmika sāmanjasya)

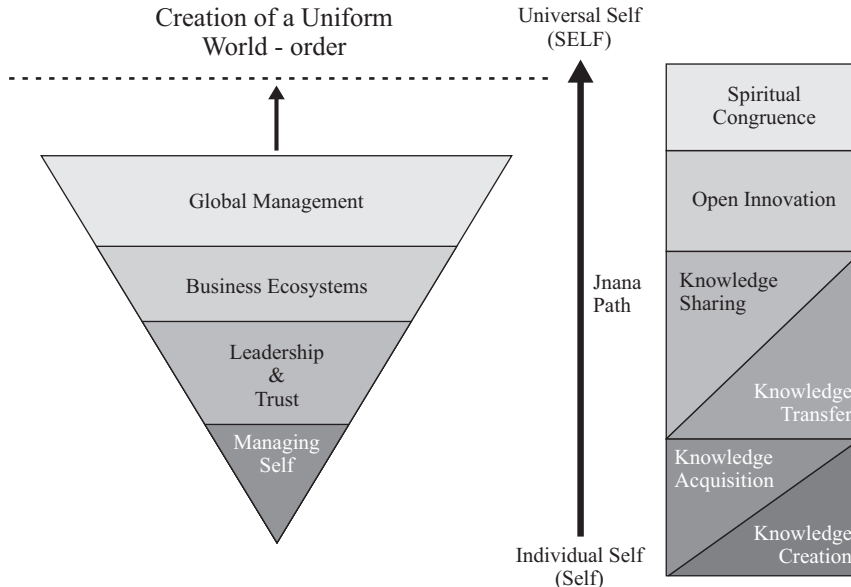


Figure 1: The Six fold path of Knowledge & Levels of Management (Source: Author)

“Karma-Yoga” & Vedanta for Managing Self & Management-by-Objectives (MBO)

According to **Peter Drucker**, modern management is primarily based on knowledge workers. “Knowledge workers face drastically new demands:

- They have to ask, who am I? What are my strengths? How do I work?
- They have to ask, where do I belong?
- They have to ask, what is my contribution?

- They have to take relationship responsibility.”

-(Drucker, 1974)

In this way they should first understand themselves, and try to identify their strengths. The strengths should then transform into their core competencies which will help them in executing their tasks more productively and contribute towards the overall organizational development. Whether it's Steve Jobs of Apple Computers or Dhirubhai Ambani of Reliance Industries, every successful business leader knew this secret to success, i.e., managing self.

However, this tenet of managing self is not new. It dates back to the Vedanta periods. In the Upanishads, it is said:

“Atmaivedam agra asit purusavidhah, so'nuviksya nanyad atmano'pasyat, so'ham asmity agre vyaharat; tato'ham namabhavat, tasmad apy etarhy amantritah; aham ayam ity evagra uktva, athanyan nama prabrute yad asya bhavati. Sa yat purvo'smat sarvasmat sarvan papmana ausat, tasmad purusah; osati ha vai sa tam, yo'smat purvo bubhusati, ya evam veda...”

-(1.4.1, Brhad-aranyaka Upanisad, Radhakrishnan, 1953)

This means that:

“In the beginning, this world was only self in the form of a person or individual. When he looked around himself he saw nothing else than the self. So he said, 'I am'. Therefore arose the name 'I'. Even to this day when one is addressed he says 'This is I' and then speaks whatever other name he may have....”

Further, the concept of Self was well elaborated in the Karma Yoga of Bhagavad Gita where Lord Krishna said:

*indriyāṇi parāṇy āhur indriyebhyaḥ param manaḥ
manasas tu para buddhir yo buddheḥ paratas tu saḥ*

(3.42, The Bhagavadgītā)

This means that -

“The senses are said to be superior to the body, the mind is superior to the senses, and intellect is superior to the mind and that which is superior to the intellect is He (Self, Atman).”

Intellect and knowledge is what really differentiates us from the animals and savages. All living beings, whether it is human or animals have the five senses of vision, taste, smell,

hearing and touch. If our senses control us instead of the intellect then, we will be no different from the savages. People who never realize their Self, they are controlled by their senses instead of their mind or intellect. And hence, they take decisions based on temptations and invariably make mistakes.

To really understand Self, managers need to cultivate their thoughts. They need to constantly seek knowledge to make more informed decisions. All this happens through Knowledge creation (Jnana Sriṣṣi) and Knowledge acquisition (Jnana Prāpti).

There are many things that people learn spontaneously. When a human baby is born, he / she cry. No one taught him/her how to cry. But he / she know it. They also know how to smile, how to throw their legs here and there, etc. Similarly, there are certain actions which we do on the basis of ideas which come to our mind spontaneously. This is the essence of knowledge creation. But knowledge is not always created by itself. Sometimes you acquire knowledge from others. But ultimately when you create and acquire knowledge and have a deep understanding of it from your experiences then that synthesizes in the form of your intellect. The more you cultivate your mind and intellect, the more you realize your Self or Atman. The more you realize your Self, the better you can connect with your broader SELF which in the context of management is your organization and its Vision or Mission.

To quote Steve Jobs, Founder of Apple Computers:

“Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma – which is living with the results of other people's thinking. Don't let the noise of other's opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition. They somehow already know what you truly want to become. Everything else is secondary.”

(www.macstories.net)

The “inner voice” which Steve Jobs talks about is the Atman or Self and the “heart or intuition” symbolizes the Brahman (Universal Self or God consciousness). When you follow your heart and intuition and listen to your inner voice, you actually link your “Atman” with the “Brahman” and hence can unleash the infinite power to succeed. No doubt, Steve Jobs above quote is in tune with the Advaita philosophy of “*Aham Brahmasmi*” which means “I am the Brahman or God.”

To really manage ourselves and connect with our Atman, we need to first gain complete control over our senses. For that we need to completely detach ourselves from all material temptations through self-abnegation. As the great Indian mystic sage Ramakrishna (who

was the 'guru' or master of Swami Vivekananda) said:

“The world is water and the mind milk. If you pour milk into water they become one; you cannot find the pure milk any more. But turn the milk into curd and churn it into butter. Then, when that butter is placed in water, it will float. So, practice spiritual discipline in solitude and obtain the butter of knowledge and love. Even if you keep that butter in the water of the world the two will not mix. The butter will float.”

(Swami Nikhilananda, 1977)

Here the world actually signifies the material world. And it is only through spiritual discipline which includes self-abnegation from all material temptations that we can really attain the higher Self or Brahman. Swami Parthasarathy, the modern Vedanta guru who is well known for his corporate workshops on Vedanta says:

'Do not lose the treasure of your Self for the pleasure of the senses'

(www.vedantainstitute.co.in)

Finally, every person has his own dream and personal goals. Sometimes they try to undermine the broader organizational goals in front of their personal goals. It is this conflict of interest which is a pre-requisite for most of the failures in management in any organization. To remove such conflicts, modern management advocates the concept of “Management by Objectives” (in short, MBO). However, his concept of MBO is misunderstood in practice as managers tend to take a myopic view of this “objective” where it only covers achievement on individual level instead of achieving the broader organizational goals.

To really make MBO instrumental in any organization, it is important that managers understand their “Karma” in its entirety. The concept of Karma comes from the “Karma-Yoga” of Bhagavad Gita in which Lord Krishna says to Arjuna:

*“Karmanye Vadhikaraste Ma Phaleshu Kadachana
Ma Karma Phala Hetur Bhurma tey Sangostva Akarmani”*

(2.47, The Bhagavadgītā)

It means that “we have only the right to work, right on our actions but not on the consequences or fruits of that action. So we should be not be attached to either fruits of the action or inaction. And then Lord Krishna subsequently said:

*“Doorena hy Avaram karma, Buddhi-Yogaad Dhananjaya
Buddhau Saranam anviccha, Kripaanaah phala-hetavah”*

(3.49, The Bhagavadgītā)

This means that we shouldn't work for results but rather work with an ideal (Buddhi-Yoga) or a vision because if we work for result, then our work will culminate once we achieve the result. However, when we work with an ideal or vision and keep it so high, we keep on striving to reach it so that in the process of delivering our Karma we grow. Hence, work for results is far inferior to work with an ideal, a vision.

In the context of modern management it means that every manager should be focused on his work and at the same time be “in-sync” with the organization's vision and mission. When every worker and manager is in-sync with the Organization's Vision and mission, then it ultimately leads to excellence. This is the true essence of management by objectives as preached by Drucker. Finally, in the words of Drucker:

“Workmanship is essential—an organization de-moralizes if it does not demand of its members the highest workmanship they are capable of. But there is always a danger that the true workman, the true professional, will believe that he is accomplishing something when, in effect, he is just polishing stones or collecting footnotes. Workmanship must be encouraged in the business enterprise. But it must always be related to the needs of the whole.”

(Drucker, 1974)

Drucker's “workmanship” actually refers to the the “Karma” in the verse 47 and 49 of Bhagavada Gita. When Drucker said that “it must always be related to the needs of the whole” he actually meant work with ideals and work which is in-sync with the organization's mission. His notion of workmanship is also consistent with the Gita's teaching that the result of work should not be an end in itself. Finally Drucker said –

“That managers strive to do the best job possible—to do “professional human resource management,” to run “the most up-to-date plant,” to do “truly scientific market research”—must be encouraged. But this striving for professional workmanship in functional and specialized work is also a danger. It tends to divert the manager's vision and efforts from the goals of the business. The functional work becomes an end in itself. In far too many instances the functional managers no longer measure their performance by its contribution to the enterprise but only by professional criteria of workmanship. They tend to appraise subordinates by their craftsmanship and to reward and to promote them accordingly. They resent demands made for the sake of organizational performance as interference with “good engineering,” “smooth production,” or “hard-hitting selling.” The functional manager's legitimate desire for workmanship can become a force that tears the enterprise apart and converts it into a loose association of working groups. Each group is concerned only with its own craft. Each jealously guards its own “secrets.” Each is bent on

enlarging its own domain rather than on building the business. The remedy is to counterbalance the concern for craftsmanship with concern for the common goal of the enterprise.”

(Drucker, 1974)

Clearly, the concept of Management by Objectives is consistent with the teachings of Bhagavad Gita and ancient Indian wisdoms. However, MBO, Managing Self or workmanship is not possible without worker's consistent pursuits for knowledge creation and acquisition.

It is creation of knowledge on an individual level and acquiring knowledge through work within an enterprise that the manager gradually aligns his individual goals with the broader mission and vision of the enterprise. And that really is instrumental in achieving the goal of MBO as well as managing self. It is through jnana srsti and jnana prapti that the individual achieves the motive of attaching his Atman to Brahman in an organizational framework which provides him/her the motivation to constantly strive for excellence on the path of Karma.

Ethical Leadership to Foster Trust

Managers have to face a dynamic business environment where change is the only constant and they have to keep adapting to these changes. But sometimes in situations of complexity or uncertainty, managers may get lost. It is then that someone has to show them the right direction. As Stephen Covey said:

“Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.”

- Covey, 1989

A lot has been said and researched about leadership. Some people said that leadership is all about character or some unique traits in an individual. Some say that a leader is an agent of change or he is the one who aligns a group of people towards a common vision. However, the recent event of economic downturn in the western countries based on effective modern management practices really puts a question on the existing models of leadership in those organizations. Today, we need to have a paradigm of leadership which will be more responsible in maintaining the sustainability of the business. Since most of the organizations fail due to wrong decisions or on unethical grounds where the existing shareholders and stakeholders of the organization lose hope and trust on its management and leadership, we really need to incorporate ethics and integrity in the existing framework of leadership and

management. People should be able to trust upon the existing corporate governance in the organization.

As Narayana Murthy of Infosys once said about leadership and corporate governance in an organization:

“The leader has to create hope. He has to create a plausible story about a better future for the organization: everyone should be able to see the rainbow and catch a part of it. This requires creating trust in people. And to create trust, the leader has to subscribe to a value system: a protocol for behavior that enhances the confidence, commitment and enthusiasm of the people.....Trust and confidence can only exist where there is a premium on transparency. The leader has to create an environment where each person feels secure enough to be able to disclose his or her mistakes, and resolves to improve.....Good corporate governance is about maximizing shareholder value on a sustainable basis while ensuring fairness to all stakeholders: customers, vendor-partners, investors, employees, government and society.”

(Narayana Murthy, 2003)

No wonder, Infosys has survived many downturns and has consistently been the most revered in the Indian IT industry among the shareholders as well as stakeholders. And it has happened because leadership is not just based on efficient management practices but also on a model which is more transparent, responsible and ethical.

On the contrary we see an organization like Satyam Computers which was equally revered in the Indian IT industry (they had won the coveted Golden Peacock Award for Corporate Governance under Risk Management and Compliance Issues in the year 2008) until January 2009 when the company's chairman Ramalinga Raju confessed that Satyam's account has been falsified. Satyam's shares fell to 11.50 rupees on 10 January 2009, their lowest level since March 1998, compared to a high of 544 rupees in 2008. In New York Stock Exchange Satyam shares peaked in 2008 at US\$ 29.10; by March 2009 they were trading around US \$1.80. Ramalinga Raju is charged with several offences, including criminal conspiracy, breach of trust, and forgery. Ramalinga Raju has won several awards and honors during his leadership at Satyam. These include Ernst & Young Entrepreneur of the Year for Services in 1999, Dataquest IT Man of the Year in 2000, CNBC's Asian Business Leader - Corporate Citizen of the Year award in 2002 and E&Y Entrepreneur of the Year Award in 2007. There was nothing wrong in the way the company was managed. Raju was also a revered leader. But the management and leadership model was *sans* ethics, transparency and responsibility. And it invariably brought the company's doomsday.

Ancient Indian wisdom and scriptures like Bhagavada Gita & Ramayana; ancient Indian

sages like Yajnavalkya or Buddha; and writings of scholars like Kautilya (Chanakya) can teach a lot on ethical and responsible leadership. These can be incorporated in the existing models to create more sustainable, ethical and responsible leadership models.

In Manusmriti, chapter 7, Manu (who is considered to be the first Brahmin ruler on this earth in Hindu traditions) said:

“Fire burns one man only, if he carelessly approaches it, the fire of a king's (anger) consumes the (whole) family, together with its cattle and its hoard of property.”

- (7.9, Manusmriti, 1500 BC)

“Having fully considered the purpose, (his) power, and the place and the time, he assumes by turns many (different) shapes for the complete attainment of justice.

- (7.10, Manusmriti, 1500 BC)

Clearly, in the case of Infosys the shareholders have consistently gained from the decisions of its Chief Mentor, Narayana Murthy. And, in the case of Satyam, it was that one mistake of the Chairman Ramalinga Raju that tarnished the image and equity of the whole company and the shareholders lost almost their entire investment in that company within a year.

The qualities a leader must possess was well laid down by *Chanakya*, the revered scholar in political science who gave this world, the first management text in the form of “*Arthashastra*” which was written around 4th century B.C. According to Chanakya, a King (a leader) should be a “*Rajarishi*” which means a king (a leader) who is wise like a sage. Like a sage, a leader must have self-control having conquered his senses and at the same time should be well-educated in the various branches of knowledge. He should cultivate his intellect by associations with elders and keep his eyes open through spies. He should ensure the observance of *dharma* (*righteousness*) by the people by authority and should avoid associations with harmful persons and indulging in harmful activities.

Successful and reputed organizations with revered corporate leaders can follow this wisdom of *Arthashastra*, as this *Rajarshi* paradigm clearly advocates a leadership which is both responsible and ethical. It not just advocates self-abnegation of senses but also instructs the leader to nurture his intellect. The process of *jnana parivahana* (Knowledge transfer) and *jnana sahabhājana* (Knowledge sharing) can be instrumental in making this *Rajarshi* paradigm a reality in today's corporate leadership. Modern leadership can integrate with *Rajarshi* paradigm in the following ways:

- (1) *Jnana parivahana* through continuous training and development programs for the various levels of managers.

- (2) Mentorship of the newly inducted management trainees
- (3) Implementing proper ERP models for knowledge sharing (*jnana sahabhājana*) among the various functions of the organization so as to enable managers to take effective decisions.
- (4) Continuous acknowledgement of the role of the various employees and managers in the overall organizational development and its achievements.
- (5) Creating effective management development programs to accelerate the emergence of responsible leadership at various levels of management
- (6) Creating an ethical code of conduct (the company credo) which should promote a culture of ethics and transparency
- (7) Enact stringent policy measures to counter any possible unethical practice at various levels of the organization.

Finally, the qualities of a great leader along the path of Knowledge can be well laid-down through the eightfold path of Gautama Buddha:

1.	Right View	Wisdom
2.	Right Intention	
3.	Right Speech	Ethical Conduct
4.	Right Action	
5.	Right Livelihood	
6.	Right Effort	Mental Development
7.	Right Mindfulness	
8.	Right Concentration	

Figure 2: The Eight fold path (Source: thebigview.com)

So, wisdom, ethical conduct and mental development are the broad themes on which any leader should work upon. Meditation or Yoga is extremely important for gaining control of all the five senses and to develop the level concentration. That is why today Yoga & Meditation is becoming so popular not just in corporate India but across the globe.

The motto of leadership is very well-laid down by Steve Jobs of apple Computers when he said:

“My job is to not be easy on people. My job is to make them better.....some people say, 'Oh, God, if [Jobs] got run over by a bus, Apple would be in trouble.' And, you know, I think it wouldn't be a party, but there are really capable people at Apple. My job is to make the whole executive team good enough to be successors, so that's what I try to do.”

(www.macstories.net)

Mentorship is nothing new in India. We have seen some of the great family businesses run by professional management where leadership was transferred from one generation to the next within the same family without affecting the core values of the company. Whether its Aditya Birla group (from AV Birla to Kumar Mangalam Birla) or Tata Group (JN Tata to Ratan Tata), in spite of initial hitches, giant companies which started as family-businesses have survived in India and the mantle of leadership transferred effectively through Mentorship. This is something very unusual in the western companies where seldom the leadership transfers from one generation to the next. The western countries have something important to learn here because family businesses show a great resilience in countering the situations of economic downturn. Majority of the giant companies in India were traditionally family businesses when they started. During the economic downturn of 2008, many smaller Indian companies went for an M&A spree worldwide and went global by acquiring foreign companies.

From “Shareholders” to “Stakeholders”

By integrating Indian wisdom with current management practices we can really have a more holistic approach to business and leadership. Some of the finest Indian management gurus revered in western countries like C.K.Prahlad, Sumantra Ghoshal, Dipak Jain, etc reflect their Indian values through the way they articulate their ideas and thoughts in their various management thoughts.

The holistic approach to management involves a major paradigm shift from focus on shareholders to focus on stakeholders - one that takes into account the needs of shareholders, employees, customers, society, and the environment. The stakeholder orientation of management was well-captured by the concept of Business ecosystems which first appeared in an award-winning article of Harvard Business Review May/June 1993 issue. The concept was given by John F Moore. According to him:

“To extend a systematic approach to strategy, I suggest that a company be viewed not as a member of a single industry but as part of a business ecosystem that crosses a variety of

industries. In a business ecosystem, companies co-evolve capabilities around a new innovation: they work cooperatively and competitively to support new products, satisfy customer needs, and eventually incorporate the next round of innovations... ”
(Moore 1993)

The figure 3 shows the holistic picture of a business ecosystem. Any decision of the business not just affects the shareholders but the entire stakeholders' domain. Companies which are industry leaders don't just follow a stakeholder driven approach and embrace the concept of a business ecosystem, but they also involve these stakeholders in making important business decisions. It is through open innovation (*mukta navaracanā*) that an organization can really unleash the power of these stakeholders creating the ecosystem.

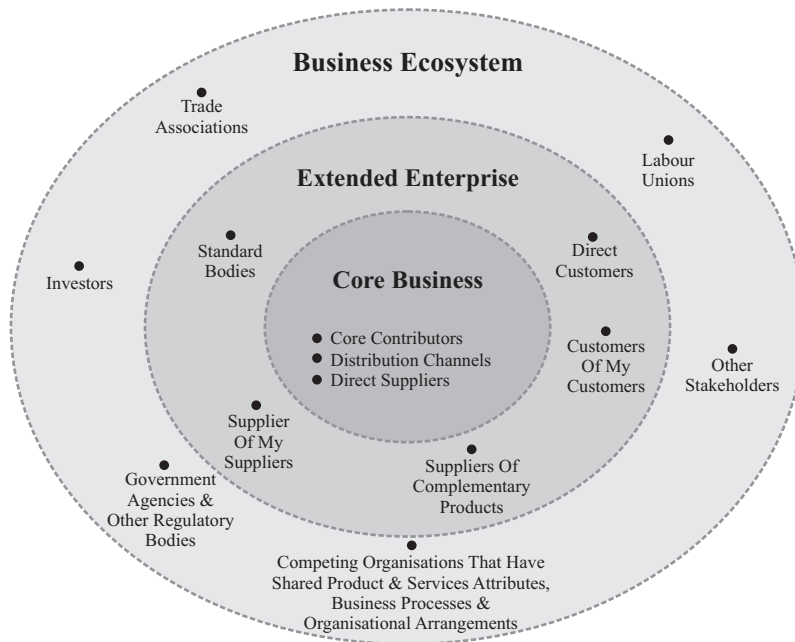


Figure 3. Moore's Business Ecosystem model (Source : provenmodels.com)

Recently, P&G has created an open innovation model called “connect + develop” where they involve stakeholders in their entire research & development framework to come up with new product or process innovations, faster than their competitors. According to P&G's Larry Huston & Nabil Sakkab :

“By 2000, it was clear to us that our invent-it-ourselves model was not capable of sustaining high levels of top-line growth.... We knew that most of P&G's best innovations had come from connecting ideas across internal businesses. And after studying the performance of a small number of products we'd acquired beyond our own (R&D) labs, we knew that external connections could produce highly profitable innovations, too. Betting that these connections were the key to future growth, A.G. Lafley (former Chairman & CEO of P&G) made it our goal to acquire 50% of our innovations outside the company. The strategy wasn't to replace the capabilities of our 7500 researchers and support staff, but to better leverage them. Half of new products, Lafley said, would come from our own labs, half would come from outside.....the model works. Today more than 35% of our new products in market have elements that originated from outside P&G, up from 15% in 2000. And 45% of the initiatives in our product development portfolio have key elements that have been discovered externally. Through connect & develop our R&D productivity has increased by nearly 60%.Among the most successful products we have brought to market through connect & develop are Olay Regenerist, Swiffer Dusters, and the Crest SpinBrush.”

- (Huston & Sakkab, 2006)

The Open Innovation paradigm treats R&D as an open system. Open Innovation suggests that valuable ideas can come from inside or outside the company and can go to market from inside or outside the company as well. This approach places external ideas and external paths to market on the same level of importance as that reserved for internal ideas and paths to market in the earlier era (Chesborough, 2003). The figure 4 depicts the open-innovation model.

Clearly, the business ecosystem model and the open innovation model have broadened the scope of business focus which earlier was only restricted to either shareholders or the consumers. But now, with the hunger for innovation, businesses are compelled to take a more holistic view of business. Finally, in this context, we have also included environment as one of the major stakeholders. Business expansion leads to more production facilities and higher consumption of natural resources as well as creation and accumulation of more residues and wastes which affect our “planet”. So, focusing on planet and creating more environment-friendly processes is also important. This has led to the promotion of the concept of “Triple Bottom Lines” or TBL. The three major factors for an organization's overall success are: People, Planet, and Profit. After the ratification of United Nations & International Council for Local Environmental Initiatives (ICLEI) in early 2007, this has become the dominant approach towards creating a more responsible and larger accounting system in the various organizations. When an organization promotes any CSR initiative, it indirectly addresses its commitment to the TBL initiative for a more transparent and responsible accounting system.

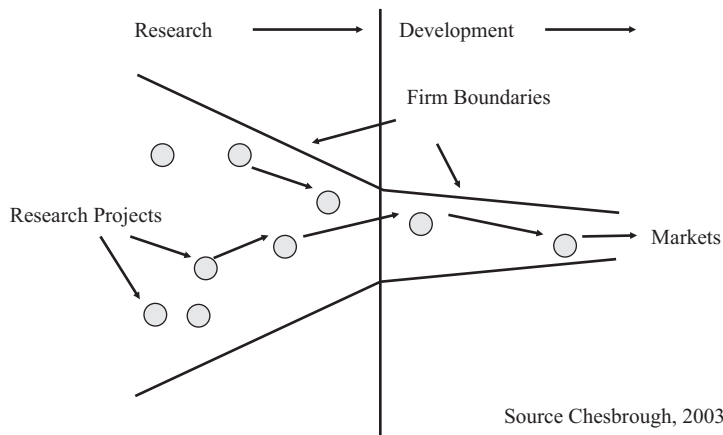


Figure 4. A typical open innovation system

The above concepts have a lot of similarity with the Guna theory and the *Purusha-Prakriti* relationship. *Purusha* & *Prakriti* are the two manifestations of the the greater Self or Brahman. *Purusha* means a person's consciousness. *Prakriti* is the Mother Nature. The Guna theory states that three “gunas” that form the *Prakriti* are:

- (i) *Sattwa* - knowledge & Wisdom, Ethical & moral conduct
- (ii) *Rajas* – Passion, action, perseverance
- (iii) *Tamas* – inactivity, ignorance, recklessness

In the context of management, every organization today needs to innovate and at the same time needs to take a TBL approach. A proper balance of the three gunas is extremely important for the organization's Self (*Purusha*) being able to connect with the broader Self (the stakeholders). An organization which does not cultivates a culture of innovation or at least knowledge-sharing, doesn't has a proper compensation structure, and has the least scope for nurturing talents, in that organization people lack passion (*Rajas*), tend to engage in corrupt and unethical practices (lack of *Sattwa*) and tend to find reasons for inactivity. Such organizations foster '*Tamas*' in their culture and hence are out-of-business.

Companies having efficient innovation networks based on open-innovation followed by proper compensation structures and who foster an ethical culture through their corporate credo as well as organizational processes tend to **balance the '*Sattwa*' & '*Rajas*' guna** in their organizations. Such organizations really have the potential to become great companies.

However, it is at this stage that organizations tend to make big mistakes and fail. The major reason for failure of organizations is due to any sudden imbalance created in the Sattwa-

Rajas guna. This can happen due to the following reasons:

1. Unethical practices like favoritism, financial misrepresentation, etc may lead to sudden degradation of “*Sattwic*” guna within the organizational culture. This may lead to emergence of “*Tamasic*” tendencies and can break the delicate balance between *Sattwic-Rajas* gunas.
2. Too much ambition, passion, bitter competition within an organization as well as any industry may lead to greed and selfishness. The *Rajas* may exceedingly dominate the *Sattwic* gunas which will lead to making wrong organizational decisions at various levels. Again, we have a misbalance in the *Sattwic-Rajas Gunas* leading to organization's failure.

The existing models of decision-making based on modern management principles somehow fails to understand this delicate balance between the three “gunas”. The Guna theory and the balance between the three gunas is not just important for creating great organizations but also it is a competitive advantage which differentiates this extra-ordinary organizations from any other ordinary organization.

As the Bhagavad Gita says:

*sattvā sañjāyate jñānam rajasolobha eva ca
pramāda-mohau tamaso bhavato 'jñānam eva ca*

(14.17, The Bhagavadgītā)

which means that it is from ethical & moral conduct comes wisdom (*Sattwa*); passion leads to greed (*Rajas*); ignorance and inactivity leads to illusion.

If the modern management thinkers are still wondering as to

1. what could have gone wrong in those great companies which failed miserably in the recent past, or
2. what could have led to the sub-prime crisis
3. what could be the reason that a successful company suddenly gets embroiled in a corporate scam, or
4. what could be the reason for sudden rise in corporate philanthropy post-recession, or
5. why many of them are still struggling to make a significant presence in an

emerging economy like India

then, perhaps it's time that they start learning from the ancient Indian scriptures of Vedas, Upanishads, Arthashastras, etc not just to create a more sustainable model of management in their country but also to better strategize their entry in emerging markets especially India.

Globalization & Spiritual Congruence

There could be various definitions of globalization. But globalization is basically about “unification” of the world's economic order and reduction of trade-related barriers (like tariffs & quota). Regional economies, societies and cultures integrate through communication, transportation and trade. One of the most important developments in this regard has been the internet which has helped in reducing the informational asymmetries across the globe.

But internet is not the only major breakthrough facilitating this global connectivity. There are other technologies which along with internet is creating a “world” which is completely connected and “wired-in”. As Emily Green, President & CEO of Yankee Group says:

“These developments, along with all of us, are just a few of the actors in a grand connectivity story playing out around the world. They are bringing us closer to a future of global connectivity, when all people, and all the things we care about, will be connected to each other on a vast digital network.....I have a much simpler way to talk about this world we're headed to: Anywhere.....Not only will Anywhere be bigger than other technology transformations we've lived through before, it will also be faster.”

(Emily Green, 2009)

So, we are already part of this grand connectivity network created by this so called “Anywhere” revolution. Now, let us revisit what the Upanishads have to say about the connection of cosmic self to the individual self:

“sa vā ayam ātmā sarvesām bhūtānām adhipatih; sarvesām bhūtānām rājā; tad yathā ratha-nābhau ca ratha-nemau cārāh sarve samarpitāh, evam evāsminn ātmani sarvāni bhūtāni sarve devāh sarve lokāh sarve prānāh sarva eta ātmanah samarpitāh”

(Ch 5, Vth Brahmana, Shloka 15th, Brhad-āranayaka Upanishad)

Which means that everything is controlled by the very presence of the Ātman. As the spokes of a wheel are held together, just so in this self, all beings, all gods, all worlds, all breathing creatures, all these selves are held together. Further it says that

“idam vai tan madhu dadhyann ātharvano 'śvibhyām uvāca, tad etad rsih paśyann avocat: puraś cakre dvipada, puraś cakre catuṣpadaḥ. purah sa pakṣī bhūtvā purah puruṣa āviśat iti. sa vā ayam puruṣah sarvāsu pūrsu puriśayah, nainena kim ca nānāvrtam, nainena kim ca nāsamvrtam”

-(Ch 5, Vth Brahmana, Madhu-vidya Shloka 18th, Brhad-āranyaka Upanishad)

Which means that - this Being which has become responsible for the interconnectedness of things is both living and non-living. The very Being became the vital consciousness of all physical bodies, and He is present in everybody. The Body that is Universal or Brahman and the body that is particularized or *Ātman* – there is nothing that it is not enveloping.

The concept of Unification in globalization or the concept of “Anywhere” in technology revolution is something which was conceived thousands of years before in by our Indian sages and was documented in these vast *Upanishads*. But today it through globalization and technology that even the naïve is conceiving this link of Individual to the Universal and the grand interconnectedness that exists between the living and non-living.

Finally, *the role of spirituality cannot be undermined* in the process of unification and interconnectedness and the formation of a uniform world-order. With globalization and rapid technology evolution, there is dissemination of information and inter-mixing of cultures. Every religion has some fundamental tenets which are constant. Ethically, the teachings of Bhagavad Gita, Quran or The Bible converge towards creating a uniform World order promoting World peace and mutual cooperation among people of all races and regions. Today, the world needs to embrace all religions and this “spiritual congruence” which could be instrumental in restoring World peace and a uniform economic order. In spite of acculturation, there exist many disruptive forces like corruption, lack of moral leadership, religious fanaticism taking the form of global terrorism, etc. which is changing this global economy into a “entropic” system stuck in a self-destructive path. It is only by embracing spiritual congruity that we can suppress the various causes of these disruptive forces and restore world peace and a truly unified and inter-connected world order and hence unleash the infinite energy. It is only through spiritual congruity that we can identify ourselves being a “global citizen”.

Conclusion

From the above discussions we conclude that firstly, much of modern management principles existing today can be derived from the body of knowledge of the ancient Indian scriptures. However, in practice, the sustainability of the existing management frameworks is still dubious. Secondly, through the wisdom of Ancient Indian scriptures and taking the six-fold path of “Jnan” or knowledge, we can make the existing modern management

paradigms more sustainable in practice. Through spirituality wisdoms of the Vedas, Upanishads, Bhagavad Gita, etc. we can not only promote a more ethical and responsible leadership on an individual or institutional level but also move towards the direction of restoring World peace and a better world economic order through coupling globalization with spiritual congruence.

Finally, it is through the Guna theory and an analysis of the delicate balance that exists in the three gunas (viz., Sattwa, Rajas, and Tamas) that we can understand the reasons for decision-making failures on an individual level which ultimately leads to organizational or institutional failures. Some of the recent failures of companies which were revered in their industry can be explained through this Guna theory.

It is time that modern management thinkers should embrace the importance of ancient Indian ethos in filling the gaps that exist in the existing paradigms of leadership and management.

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