

Learning the Corporate Governance aspects through “The Bhagavad-Gita”: a spirit – centred approach

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Abstract

Various researches on good corporate governance from various dimensions have been done by several scholars from time to time. However on philosophical perspectives of good governance; from the Bhagavad-Gita is found in few of the earlier studies. Therefore, this paper makes an attempt to uncover the characteristics of good governance from the Bhagavad-Gita philosophy and its contemporary relevance. This paper also presents the integration of Bhagavad-Gita philosophy into the study of good corporate governance and provides philosophical and spirit-centred approach to the subject of good governance based on ancient philosophy and values.

Keywords: Bhagavad-Gita, Corporate Governance, King, Directors, Principles

Introduction

The reputation of a business and the trust it has earned play a far more significant role in decision-making than any amount of company data and projections presented. This reputation and trust let the people in an economy to channelize their savings in to investment through multi-layer agency relations. It is extremely difficult for a common man/ investor to monitor his investment. So due to separation of ownership and control, a great amount of ethical responsibility is placed upon the shoulders of leaders of corporate sector i.e. board of directors. The persons from different specializations form a group i.e. board which acts as a representative of shareholders and accountable to its shareholders for the efficient utilization of assets by bringing total transparency in its operations.

The liberalization, privatization and globalization are witnessed in the last decade of the twentieth century. As a result of it Indian economy is integrated with world's economy in

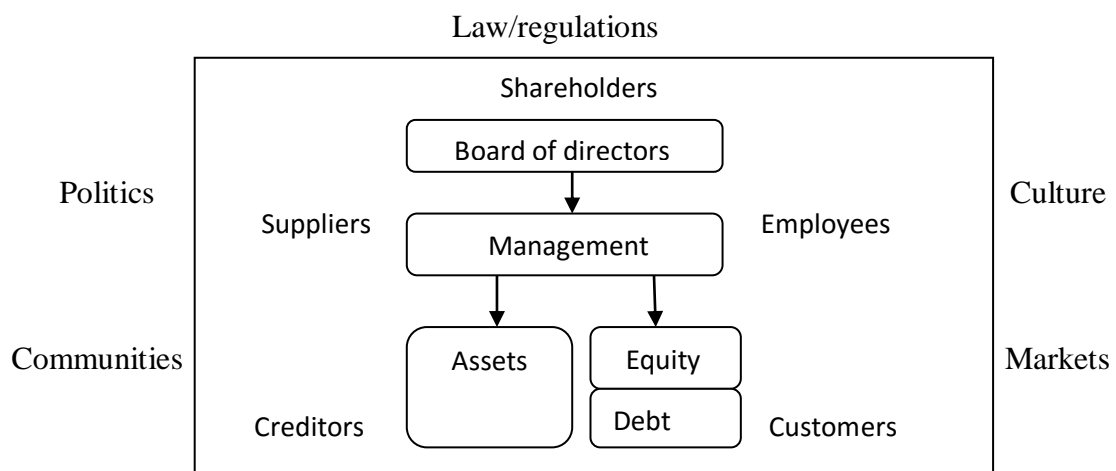
terms of product, capital and labour market. This integration necessitates the parameters like corporate culture, code of conduct and business ethics. Good corporate governance can improve the prospectus for attracting long-term capital.

Concept of Corporate governance

Corporate governance is not just corporate management; it is something much broader to include a fair, efficient and transparent administration to meet certain well-defined objectives. It is a system of structuring, operating and controlling a company with a view to achieving long-term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers and to comply with the legal and regulatory requirements, apart from meeting environmental and local community needs. When it is practiced under a well-laid system, it leads to the building of a legal, commercial and institutional framework and demarcate the boundaries within which these functions are performed (Fernando, A.C., 1997).

Corporate Governance-A Comprehensive perspective

Of course, firms include more than just boards, managers, shareholders, and debt-holders. A more comprehensive perspective of the firm and its corporate governance is depicted in the following figure.



Corporate governance: A Comprehensive Perspective

It incorporated other participants in the corporate structure like employees, suppliers, and customers. Along with this the community in which firms operate i.e. the political environment, laws and regulations are also included.

The Rich and Unique Culture of India

The culture of India is very rich and diverse and also highly unique in its own way. Our manners, the way we communicate with one another etc are one of the important components of our culture. Even though we have accepted modern means of living, improved our lifestyle, our values and beliefs will remain unchanged. A person can change his way of clothing, way of eating and living but the rich values in a person always remains unchanged because they are deeply rooted within our hearts, mind, body and soul which we receive from our culture.

Principles of corporate governance:

The main principles of the corporate governance are:

- **Raksha** - **Protection**
- **Vridhi** - **Enhancement**
- **Palana** - **Maintenance**
- **Yogakshema** - **Safeguard**

It is the duty of the King to protect the wealth of the state and its subjects, to enhance the wealth of the state and its subjects, to enhance the wealth, to maintain it and safeguard it and the interest of the subjects. Raja, the ruler, is anyone on whom depends the happiness and welfare of thousands, share holders and stake holders in the case of corporate houses. The administrator is a raja.

Governance System

The rulers and kings had their own set of principles and systems in governing their kingdom.

These principles and their way of governing their kingdom had the direct influence of their religious leaders and their faith. So, different principles and practices had been adopted by every ruler, but the common thread was the same, being the universal truth.

Here are some of the interesting governing principles based on which the Kings ruled. Of course, they stand perfectly suiting to the today's corporate houses.

In Bhagwat Gita, Lord Krishna details the Daivi sampad (divine treasure)

Abhayam satvasamsuddhir
Jnanayoga-vyavastitih;

Danam damasca yajnasca

Svadhyaayas-tapa arjavam

which depicts the Fearlessness, purity of heart, steadfastness in knowledge and yoga, charity, self control, and sacrifice, study of scriptures, austerity and uprightness.

Ahimsa satyam-akrodhas-tyagah

Santirapaisunam

Daya bhutesvaloluptvam

Mardavam hriracapalam

which depicts the Non-violence, truth, and freedom from anger, renunciation, tranquillity, and aversion to slander, compassion to beings and freedom from covetousness; gentleness, modesty and absence of fickleness.

Tejah ksama dhrtih saucam

Adroho natimanita

Bhavanti sampadam daivim

Abhijatasya bhārata

Which depicts the Courage, forgiveness, and fortitude, purity, freedom from malice and overweening pride – these belong to him who is born with divine treasure

Morals from Srimad Bhagwad Gita

Srimad Bhagwad Gita, is one of the most popular texts in the field of Indian Spirituality. It gives us a complete road map to lead a practical life. In the Bhagavad-Gita, Sri Krishna has not directly instructed Arjuna on the art of good governance but many of the verses by Sri Krishna relate to governance of self, corporate to global. Thus, the verses from the Bhagavad-Gita are universal in nature and can be interpreted effectively to gain knowledge on good governance.

Following are the few lessons on Governance we can derive from Gita:

- 1) **Dharma:** (righteousness): accountability of self, family, organisation and society for order and progress. It is the right path, which will uphold the family, organisational and the social fabric. Hence, it helps in the long term upliftment of all living beings and ensures welfare of society.

- 2) **Loka Sangraha:** Transparency of work for public benefit and societal welfare. Thus, corporate behaviour should be guided by larger social interest. Moreover, one should perform actions keeping in view the welfare of the society as a whole. Thus, an enlightened collective interest should guide the actions. One should not act in selfish interest. In the context of corporate organisations, it shows that corporate behaviour should be guided by larger social interest.
- 3) **Kausalam:** Optimization and sustainability. One should optimally use resources. This increases efficiently and productively. Thus, the judicious use of resources and preserving the resources for future generations.
- 4) **Vividhta:** Constant creativity and innovation control of resources for societal welfare. Beyond survival, business has to be the 'engine' of innovation constantly seeking more effective solutions to meet their economic and social expectations. Hence, such innovations are required in processes, products, materials, machines, organisations, strategies, systems and people.
- 5) **Jigvasa:** Continuous learning to improve or continuous improvement Change and continuity will coexist. So, there is a need to have to keep learning from the feedback loop from society and through internal processes of question, challenges, debates and training Companies all over the world can have a thorough reading of the Bhagavad-Gita principles in the development of good governance. It is possible by studying the principles of good governance from a different perspective.

Conclusion

Incidentally, in India, we have been taught by our Upanishads and the Gita to approach the subject of religion, ethics and morality in the context of human growth. After all, the strength of a nation lies in its citizens, physically healthy and mentally well-instructed, alert and confident. Emphasis in Indian culture is placed on a harmony of thoughts and action, knowledge and conduct, logic and faith, philosophy and religion. No society can function without integration. Corporate governance, therefore, is only part of the larger and economic context in which the funds of the shareholders operate. However, sustenance and long term success of a company depends on the factors such as business ethics and corporate awareness of the environmental and societal interest of the communities in which it operates. The degree to which Corporations observes the basic principles of good corporate governance is

considered increasingly as an important factor. The meaning and significance of the grand testament of the Gita given in its closing verse, which all of us need to take as a challenge to us to achieve good corporate governance:

Yatra yogeswarah krsno yatra partho dhanurdharah;
Tatra srih vijayo bhutih dhruva nitih matih mama-

‘where (there is) Krsna, the master of yoga (and) where (thee is) Partha, the wielder of the bow, there (in that society), I think, wealth, victory, welfare and unshakable Justice (shall prevail)’. Now, this is the mantra which is now being chanted through the new sloka of ‘corporate governance’? This philosophy of the Gita should be the inspiration for those in politics and administration. The corporate governance is thus a new sloka to chant the old mantra we have in our scriptures.

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