

Volume 4 (2025), pp. 90-118
*American Journal of STEM Education:
Issues and Perspectives*
Star Scholars Press
<https://doi.org/10.32674/1wkpe956>

**The Timeless Strategist: Reinterpreting Kautilya's
Arthashastra for Ethical Leadership, Governance, and
Strategy in Modern Business**

Ujjwal Bhattarai
Kathmandu Model College, Kathmandu, Nepal
Baburam Timsina
School of Management, Tribhuvan University Nepal
Upendra DC
School of Management, Kathmandu University, Nepal

ABSTRACT

This study reinterprets Kautilya's *Arthashastra* principles through the lens of ethical leadership, governance, and strategy, examining its relevance to contemporary business contexts. Drawing on a conceptual review of primary Sanskrit texts and an interpretive engagement with modern scholarship, it employs philosophical hermeneutics and thematic analysis to bridge ancient wisdom with modern management thought. Moving beyond traditional readings, this study positions the *Arthashastra* as a dynamic, interdisciplinary text offering insights for inclusive, resilient, and ethically grounded governance in volatile environments. By integrating Eastern and Western paradigms, it contributes a culturally pluralistic and historically rich perspective to management studies, expanding the epistemological boundaries of ethical leadership and strategic practice in the modern corporate world.

Keywords: Contemporary, corporate governance, ethics, Kautilya's Arthashastra, leadership, management practices, strategy

INTRODUCTION

In an era characterized by rapid globalization, technological advancement, and evolving ethical landscapes, the intersection of ancient wisdom with contemporary challenges becomes increasingly imperative (Pezzoli, 1997). Classical philosophical texts offer distinctive perspectives on the interplay of ethics, leadership, governance, and strategy, providing holistic approaches that integrate economics, administration, and moral conduct (Bolman & Deal, 2017). These insights are also highly relevant to STEM education, where ethical leadership and governance play a critical role in curriculum design, faculty development, and technology-driven learning environments.

Among such works, Kautilya's *Arthashastra* stands out as a seminal text that not only laid the foundations of governance and statecraft in ancient India but also anticipated many aspects of modern management thought. Composed in the fourth century BCE, the *Arthashastra* includes 15 books (Adhikarana), 380 Shlokas, and 6000 Sutras (Rangarajan, 1992), addressing everything from economic administration and diplomacy to public welfare and infrastructure development. Written with an instructional tone for rulers, it advances a vision of comprehensive welfare that encompasses humans and animals alike (Deodhark, 2018).

During the reign of Alexander the Great, Kautilya, also known as Chanakya or *Vishnugupta*, played a crucial role as minister and advisor to Chandragupta Maurya, instrumental in the fall of the Nanda dynasty in Magadha (Muniapan & Shaikh, 2007). Beyond his political influence, Kautilya was a distinguished teacher of politics and economics at Taxila University. His *Arthashastra* emphasizes prudent statecraft balanced by ethical considerations, urging leaders to conquer internal vices before external foes and to act as *Rajarishis*, philosopher-kings akin to Plato's ideal rulers, dedicated to justice, vigilance, and moral leadership (Vittal, 2011).

He emphasizes the king's satisfaction in his subjects' joy and welfare. His guidance extends to job security, vulnerable regions, consumer protection, and prisoner welfare. Besides, he defines the king's duty as just, equitable, and benevolent, similar to a father's care. Kautilya's wisdom holds that the ideal ruler is one dedicated to public welfare and well-being. Furthermore, Kautilya's expertise spans governance, economics, and administration (Manrai & Goel, 2016). His insights cover taxation, diplomacy, and trade, which are crucial elements of statecraft. His economic philosophy aligns with modern economics, stressing moderation in taxation, expansion of the tax base, and subsidies for capital formation. Also, Kautilya's focus on public expenditure prioritizes productive ventures, defense, administration, and national wealth preservation. He recognizes the importance of infrastructure development for economic growth and suggests investments in roads to stimulate trade and commerce, similar to modern

infrastructure strategies (Thampabillai, 2004). Thus, Kautilya's wisdom transcends time, offering guidance to navigate contemporary governance, economics, and diplomacy with principles rooted in justice, ethics, and prudent fiscal management.

However, despite the *Arthashastra's* profound insights, few scholarly works have systematically examined its principles through the lens of modern management, particularly concerning leadership, ethics, strategy, and corporate governance. Particularly in Asia, the majority of nations still prioritize implementing Western management principles and techniques in their business practices (Witt & Stahl, 2016; Barkema et al., 2015; Shadur et al., 1995). This is a result of the abundance of Western management resources, literature, and concepts on management practices. Additionally, almost all of the new generation of Asian managers in top companies and organizations acquired their management training in Western nations, particularly Europe, the UK, and the USA. Many corporate leaders from both inside and outside of Asia are unaware of the valuable insights of Kautilya's *Arthashastra* in the areas of leadership, business ethics, and corporate governance. Kautilya's *Arthashastra* offers numerous lessons to business management, particularly in the areas of leadership, business ethics, and corporate governance.

This study is therefore guided by the central purpose of reinterpreting Kautilya's *Arthashastra* to explore how its foundational concepts of ethics, leadership, governance, and strategy can inform and enrich contemporary business practices. It responds to a critical gap: the lack of engagement with indigenous intellectual traditions in the global management discourse, which has led to a homogenization of leadership and governance models that may not fully address diverse cultural or ethical contexts. This study intends to raise awareness of the existence of ancient Indian works, such as the *Arthashastra*, which offer many insightful lessons on successful and efficient business leadership and management to the readers. Specifically, this study aims to:

- a. Examine the core principles of ethics, strategic leadership, and corporate governance as articulated in Kautilya's *Arthashastra*.
- b. Compare Kautilyan leadership philosophy with dominant Western and Eastern leadership paradigms and modern management theories.
- c. Evaluate the interdisciplinary relevance and contemporary applicability of Kautilya's *Arthashastra* in modern business organizations.

This research contributes a unique and rigorous conceptual analysis of the *Arthashastra* in the context of modern management thought. It bridges ancient Indian philosophy and contemporary leadership discourse, expanding the epistemic foundations of business ethics and offering a culturally pluralistic alternative to dominant Western models. It offers actionable insights into how ancient strategic philosophies can inform inclusive, resilient, and ethically anchored governance models in volatile business environments. Extending beyond

business, these insights suggest relevant considerations for STEM education, where ethical leadership and governance can support responsible innovation and socially aligned policy-making. Similarly, *Arthashastra's* principles offer a normative orientation for addressing issues regarding academic freedom, curriculum design, faculty leadership and development, and technology-driven learning environments. It is also highly relevant to curriculum design, faculty development, and technology-driven learning environments.

RESEARCH METHOD

This study employs a systematic conceptual review methodology, integrating philosophical hermeneutics, thematic synthesis, and comparative theoretical analysis to explore Kautilya's *Arthashastra* and its relevance to modern business ethics and leadership. As a non-empirical, theory-building study, it draws from primary textual sources (critical editions and translations of the *Arthashastra*) and secondary scholarly works (peer-reviewed articles, comparative philosophical texts, contemporary management literature, and expert commentaries). While supplementary materials such as videos and practitioner perspectives were consulted to enrich interpretation, only peer-reviewed and canonical sources were used as anchors for conceptual claims.

This study employs a conceptual review methodology, integrating philosophical hermeneutics, thematic synthesis, and comparative theoretical analysis to explore Kautilya's *Arthashastra* and its relevance to modern business ethics and leadership. The research design emphasizes thematic extraction, textual exegesis, conceptual mapping, and cross-disciplinary synthesis. Rigor is ensured through triangulation of interpretations, peer debriefing, and critical reflexivity, while acknowledging limitations such as hermeneutic subjectivity. The methodology is structured into five key phases: conceptual review of primary and secondary sources, data collection from canonical texts and scholarly critiques, thematic and comparative analysis to map ancient wisdom onto modern theories, validation through expert cross-referencing, and reflexive assessment of limitations. Central to this inquiry is the recognition that the *Arthashastra* is not merely a prescriptive political treatise but a dynamic and interpretive philosophical text, capable of informing modern debates in ethics, strategy, and leadership. The study positions Kautilya's work as a living repository of insight, offering in-depth perspectives.

The search strategy was guided by a systematic approach in line with conceptual review protocols. The literature search was conducted across six major scholarly databases, including Web of Science, Scopus, JSTOR, ProQuest Central, Shodhganga, and Google Scholar, ensuring comprehensive coverage across the field of management, philosophy, and Indology. The search included pertinent keyword combinations such as "Arthashastra", "Kautilya", Kautilya's

Arthashastra", "Chanakya", "Vishnugupta", "Indian Management Philosophy", "Ethical Leadership India", "Ancient Governance", "Ancient Wisdom", "Leadership", "Ethics", "Corporate Governance", "Eastern Leadership paradigms", "Strategy", "Strategic Management History", and "Business". Similarly, truncations and Boolean operators were employed to broaden coverage (e.g. AND, OR, "", (), *).

The review considered: (a) peer-reviewed publications, (b) theoretical and conceptual works that especially connect or compare Kautilya's insights with contemporary businesses, management, leadership, or organizational context, and (c) widely recognized and canonical texts that have been published in English or translated from Sanskrit. In contrast, the review excluded non-peer-reviewed materials, non-scholarly commentaries, duplicated sources, and empirical studies not related to conceptual and philosophical discourse. After the initial search across the six databases, 156 documents were identified, among them 72 core scholarly works were retained for thematic analysis following screening of titles, abstracts, and full-text assessment.

To ensure rigor and transparency, the analysis process included conceptual mapping and a systematic thematic synthesis. The canonical primary text, along with 72 scholarly works, was used in the primary analytical phase for open coding. It was carried out into two phases, i.e., Kautilyan source coding and modern theory coding. Initially, pertinent Sanskrit verses from the *Arthashastra*, along with their translated meanings, were extracted and coded manually by employing an inductive approach.

Initial codes were generated by tagging and clustering keywords, managerial concepts, and ethical propositions. These codes were iteratively contrasted with leadership frameworks and concepts from current management literature. To connect key textual excerpts with emerging themes, a coding trail was maintained throughout this process. Then, using comparative analysis, the themes were refined to achieve functional equivalency rather than linguistic parity. Thus, inductively derived themes were carefully blended with the deductively derived modern management themes across the literature.

REVIEW OF KAUTILYA'S *ARTHASHASTRA*

Drawing on a review of several eminent works on Kautilya's *Arthashastra*, this section explores his principles and values across key themes, including value-based management, managerial skills, knowledge, justice, diplomacy, and corporate governance.

A Value-Based Management Framework

Kautilya's vision of value-based management transcends ad hoc solutions and instead presents a holistic and integrated framework for ethical governance

and sustainable organizational success. At its core, this model emphasizes the alignment of organizational philosophy, value-based leadership, and organizational culture, each grounded in ethical principles and societal welfare. Together, these components foster a system where values guide behavior, discourage unethical practices, and help organizations fulfill their foundational purpose (Jindal et al., 2025; Girardin, 2012; Westwood & Clegg, 2003; Aubrey, 2004).

Organizational Philosophy: Organizational philosophy serves as the moral and ethical foundation upon which values, behaviors, and decision-making processes are built. Posner et al. (1985) define it as the compass guiding organizational values, while Pastin (1986) emphasizes its role in shaping ethical norms and principles. Kautilya's *Arthashastra* portrays governance as a moral endeavor rooted in personal integrity and a commitment to societal welfare (Sharma, 2021; Joseph, 2014). His philosophy advocates for a welfare-centric state where the well-being of all stakeholders is paramount.

This ancient insight resonates with modern thinking. Scholars like Chatterjee (2009), McLaughlin et al. (2020), Kim and Thapa (2018), and Kovacic (1988) argue for business philosophies centered on social responsibility, shared purpose, and ethical leadership. For instance, Matsushita (1988) and Liashenko and Dluhopolskyi (2024) emphasize human welfare and societal progress as guiding ideals for industry. In essence, Kautilya's value-based management emphasizes the necessity of aligning organizational goals with broader social good, creating a bridge between ancient wisdom and contemporary business ethics.

Value-Based Leadership: The second pillar of Kautilya's framework is leadership rooted in virtue and accountability (Singh, 2016). In his model, the king (leader) plays a central role in manifesting the organization's philosophy. The primary goal of leadership is not personal gain but the well-being of the collective. As Parel and Bhagat (1990) note, Kautilya believed that "in the happiness of the subjects lies the happiness of the king."

Kautilya outlined key virtues for leaders: truthfulness, piety, reliability, and generosity, insisting that leadership must be both moral and competent. A righteous leader:

- Avoids harm, idleness, and unethical actions.
- Ensures material and spiritual well-being.
- Places public interest above personal interest.

This aligns with modern perspectives on ethical leadership, which stress the importance of integrity, responsibility, vision, and humility (Drucker, 1955; Grey, 1999; Sivakumar & Rao, 2005).

Kautilya outlines the advantages of a righteous leader, encompassing personal, social, and organizational realms:

- **Personal Benefits:** A righteous king experiences joy in adhering to duties and earns spiritual merit for protecting subjects by law
- **Social Benefits:** A righteous leader establishes an administration fostering spiritual and material well-being.
- **Leadership by Example:** The leader's behavior influences constituents.
- **Loyalty and Attraction:** Righteous leadership garners loyalty, talent, and support.
- **Effects of Unrighteous Leadership:** An unrighteous leader's actions impact all constituents

Kautilya also emphasized leadership formation through rigorous education, mentorship, and spiritual discipline. Bhattacharya (2006) emphasizes that such leaders were not only political heads but spiritual stewards, embodying selflessness and unity with all beings. This value-based leadership model integrates timeless ethical ideals with modern governance, offering a robust blueprint for responsible leadership.

Organizational Culture: The third component, organizational culture, acts as the environment that sustains and reinforces ethical conduct. Kautilya advocated for a culture consciously designed to reflect moral values, ensuring that individual actions align with the organization's core philosophy. Basu and Raman (2019) suggest that ethical failures in organizations often stem from weak moral cultures, not just individual misconduct. Kautilya's values, such as abstinence, compassion, and truth, form the bedrock of this ethical ecosystem. Through the concept of *Yoga-Kshema* (well-being and security), he envisioned a culture where ethical leadership and a shared sense of purpose foster trust, harmony, and societal benefit (Kamal, 2022). This culture is not an isolated ideal but the result of a tightly integrated framework linking philosophy, leadership, and ethical practice.

Managerial Skills

Kautilya's *Arthashastra*, often regarded as a foundational treatise on political economy, offers a remarkably prescient blueprint for modern management (Petlenko, 2025). While conceived as a guide for statecraft, its principles resonate deeply with contemporary organizational leadership and administrative theory. Kautilya integrates essential components of strategic vision, structured planning, motivation, and decision-making, encapsulated through the concepts of *Prabhu Shakti* (vision and authority), *Mantra Shakti* (strategy and deliberation), and *Utsah Shakti* (initiative and motivation; Knapp, 2005; Bisht, 2019). These constructs parallel today's emphasis on vision-setting, collaborative governance, and motivational leadership.

Kautilya's counsel to rulers focused on power acquisition, consolidation, expansion, and effective administration, which translates seamlessly into the

objectives of modern organizations striving for growth, resilience, and sustainability (Roy, 2012; Bisht, 2019).

His managerial insights offer practical relevance in today's corporate landscape (cited by Suresh, 2021), emphasizing the following:

- **Economic Diversification and Efficiency:** Advocating for a balanced and diverse economy that includes robust infrastructure, productive assets, and efficient trade networks.
- **Strategic Resource Management:** Promoting the channeling of wealth into long-term economic ventures to ensure prosperity and mitigate future risks.
- **Goal-Oriented Planning:** Encouraging the setting of pragmatic, measurable targets supported by balanced, realistic strategies.
- **Fiscal Prudence:** Stressing the importance of a well-funded treasury to cushion against economic shocks and ensure financial autonomy.
- **Equity and Justice:** Calling for the formulation of fair policies that promote equality of opportunity and social stability.
- **Profit Orientation and Investment:** Highlighting the need for surplus generation as a basis for reinvestment and sustained growth.
- **Geostrategic Decision-Making:** Advising the selection of locations (or markets) based on access to resources, particularly water and fertile land, analogous today to resource optimization and market positioning.
- **Exemplary Leadership:** Emphasizing leaders who combine intellect, energy, and ethical conduct, qualities essential for modern corporate stewardship.
- **Decentralized Governance:** Encouraging collaborative leadership supported by experienced and competent advisors, and warning against the dangers of centralized decision-making.
- **Advisor Selection:** Recommending advisors with practical experience, analytical acumen, and unwavering loyalty, qualities equally valued in today's executive teams and boards.

Through these tenets, Kautilya presents a managerial doctrine rooted in rational governance, strategic foresight, and ethical leadership. His teachings transcend historical context, offering timeless principles for effective management in both public administration and modern organizational settings. The *Arthashastra* thus serves not only as a historical artifact but as a living framework that continues to inform leadership, governance, and strategic management in the contemporary era.

Knowledge, Justice, and Diplomacy

Kautilya's profound observations in the *Arthashastra* hold indispensable relevance for modern leaders. His emphasis on grasping the complexities of human nature highlights effective governance. He cautions against the detrimental

attitudes of excess and inactivity, asserting leadership's pivotal role. His insights on knowledge reveal its transformative power (Kumar & Sharma, 2000; Tillotson, 2006):

- Slight differences in abilities yield substantial outcome disparities.
- Lifelong pursuit of honing disparities for superior outcomes.
- Cumulative knowledge fosters growth, unveiling connections and opportunities.
- Creative thinking shapes reality, influencing situations and lives.
- Mind mastery empowers profound life transformation.

Moreover, Kautilya's philosophy on justice resonates. To ensure prosperity, he promotes just and pragmatic rule of law, underlining property rights. His views on diplomacy reflect his realist perspective (Kumar & Sharma, 2000; Tillotson, 2006):

- States prioritize self-interest in political, economic, and military actions.
- Diplomacy serves self-interest, enabling strength and conquest.
- Diplomatic treaties must benefit the king and state.
- Various forms of diplomacy address different power dynamics, including accommodation, hostility, indifference, and protection.
- Kautilya's policies align with the Mandala concept, fostering strategic alliances.

Kautilya's doctrines on knowledge, justice, and diplomacy offer a cohesive philosophy of leadership, one that balances moral governance with strategic pragmatism.

Corporate Governance

Kautilya's *Arthashastra* offers enduring insights into corporate governance, emphasizing wealth creation and profit generation as primary business objectives (Pillai, 2012; Sahoo, 2025). However, he frames these goals within a broader ethical context, asserting that true prosperity stems from just and moral behavior (*sukhasya moolam dharma*) (Manchan, 2013). Wealth, according to Kautilya, should not only serve owners but also benefit all stakeholders (i.e., employees, consumers, suppliers, distributors, and the state).

He emphasizes that sustainable wealth is built on equitable practices and organizational efficiency, where success arises from the seamless coordination of functions, processes, and activities. Effective corporate governance, therefore, requires systems that integrate performance with ethical conduct. Kautilya also stresses the importance of inner governance. Leaders must overcome internal enemies, desire, anger, greed, arrogance, attachment, and envy through self-control. This internal discipline enables decision-makers to prioritize

organizational goals over personal gain, forming the ethical backbone of corporate governance.

Practical governance mechanisms are also addressed. Kautilya discusses board structure, anti-corruption measures, and proportional punishments for misconduct. He advocates for simplicity, austerity, and high personal standards in leadership. His vision of a prosperous and secure empire includes key tenets of good governance: strong financial foundations, self-sufficiency, defense preparedness, and economic productivity. Importantly, Kautilya promotes ethical leadership through transparent rules, institutional checks, and a balance of incentives and deterrents to prevent fraud and misconduct. His framework emphasizes the importance of law, order, and justice in sustaining economic well-being.

KAUTILYA’S ARTHASHASTRA AND OTHER PHILOSOPHERS ON ETHICS AND LEADERSHIP

Kautilya’s *Arthashastra* presents a unique synthesis of ethical leadership, deeply embedded in pragmatic statecraft, in contrast to the idealistic and virtue-centered approaches of Western philosophers such as Plato and Aristotle. While Plato’s notion of the philosopher-king emphasizes leadership grounded in wisdom and justice (Annas, 1981; Kraut, 1992; Komu et al., 2023), Kautilya prioritizes practical governance where ethical considerations, framed within the concept of dharma, coexist with realpolitik strategies (Muniapan, 2006). Unlike Machiavelli’s *The Prince*, which advocates power retention often devoid of moral constraints (Skinner, 1981; Mansfield, 1996; Cosans & Reina, 2018), Kautilya integrates an ethical dimension, insisting that rulers must balance expediency with righteousness to ensure societal welfare (Muniapan & Shaikh, 2007).

Comparisons with *Confucian* ethics reveal a shared emphasis on moral virtue and social harmony; however, Kautilya’s approach is more pragmatic and oriented toward the stability and prosperity of the polity rather than solely on moral self-cultivation (Dawson, 1992; Yao, 2000; Mirakhor & Askari, 2019). Moreover, parallels with *Sun Tzu’s* strategic military leadership highlight Kautilya’s comprehensive outlook that merges military, political, and economic dimensions of governance (Sawyer, 1994). In contrast, Kant’s deontological ethics advocates universal moral laws independent of outcomes, differing fundamentally from Kautilya’s context-sensitive ethics rooted in the practical realities of governance (Wood, 2008; Korsgaard, 1996).

This comparative lens emphasizes the *Arthashastra’s* distinctive position in the corpus of leadership philosophies, one that balances ethical imperatives with the exigencies of power and administration, offering valuable insights for contemporary leadership and organizational governance (Nallisamy & Muniandy, 2023).

Table 1*Kautilya's Arthashastra and Other Philosophers on Ethics and Leadership*

| Philosopher / Text | Core Ethical & Leadership Tenets | Philosophical Orientation | Comparison with Kautilya's Arthashastra |
|---|--|---------------------------------------|---|
| Plato (Republic) | Virtue ethics, justice as harmony, philosopher-king leadership | Idealist, normative ethics | Emphasizes moral and intellectual virtues over pragmatic governance |
| Aristotle (Nicomachean Ethics) | Virtue ethics, moral habituation, leadership as practical wisdom | Teleological ethics, virtue-centered | Focuses on character and virtue; less on power dynamics than Kautilya |
| Machiavelli (The Prince) | Political expediency, power retention, and amorality | Political realism, secular pragmatism | Shares realpolitik pragmatism; lacks Kautilya's normative ethical base |
| Confucius (Analects) | Moral virtue, benevolence, ritual propriety | Ethical idealism, relational ethics | Emphasizes moral self-cultivation and social harmony; idealist |
| Sun Tzu (The Art of War) | Strategic leadership, deception, and intelligence | Military strategic realism | Overlaps on strategic governance but focused primarily on warfare |
| Immanuel Kant (Groundwork of the Metaphysics of Morals) | Categorical imperative, duty-bound ethics, universalism | Deontological, absolutist ethics | Contrasts with Kautilya's situational ethics; emphasizes universal duties |

Note. Compiled by the Authors

KAUTILYA'S ARTHASHASTRA AND MODERN MANAGEMENT THEORIES

Kautilya's *Arthashastra*, though composed over two millennia ago, offers a remarkably sophisticated synthesis of ethics, governance, and pragmatic statecraft that continues to resonate in modern management thought. Despite its ancient origins, the *Arthashastra* anticipates and in some respects diverges from contemporary management theories, yielding rich insights for today's leaders.

At the core of Kautilya's philosophy is a realist yet ethically grounded approach, known as *Niti* (moral policy), intertwined with *Yukti* (strategic prudence). This duality parallels Peter Drucker's (1954) view of management as a social function aimed at balancing organizational effectiveness with societal good. For example, Drucker's principle of "doing the right things" echoes Kautilya's insistence on harmonizing power with morality, illustrated by Rajadharma (the duty of the ruler), which mandates that leadership decisions serve the greater good, not just efficiency or power consolidation. This is exemplified in the leadership transformation under Satya Nadella at Microsoft, who revitalized the company by fostering a culture of integrity and purpose, a modern parallel to Kautilya's vision of ethical leadership.

Kautilya's Saptanga theory, which conceptualizes the state as an interdependent system of seven limbs (king, ministers, treasury, army, territory, fort, and allies), anticipates systems thinking and contingency theories in management (Prasain, 2024). This systemic view mirrors Ludwig von Bertalanffy's (1968) general systems theory and Fiedler's (1964) contingency model, which argue that organizations are complex wholes whose components must be balanced and contextually adapted. Toyota's lean management system exemplifies this balance, emphasizing adaptability and continuous improvement, principles rooted in Kautilya's systemic governance. However, unlike some modern mechanistic interpretations, Kautilya incorporates ethical resilience, emphasizing that effective systems governance cannot neglect moral considerations.

The Mandala theory of Kautilya, portraying concentric circles of allies and adversaries, prefigures Michael Porter's Five Forces (1979) and Freeman's stakeholder theory (1984). This theory provides an early model of competitive dynamics and relational mapping, analogous to Porter's emphasis on external competitive pressures and Freeman's stakeholder engagement framework. Apple Inc.'s careful management of its global supply chain ecosystem reflects this dynamic stakeholder approach, balancing cooperation and competition to sustain long-term advantage. Yet Kautilya's model emphasizes diplomacy and strategic patience, contrasting with the often more transactional or short-term orientation of modern business alliances. This long-term focus aligns with Robert Axelrod's Game Theory (1984), advocating strategic reciprocity over opportunism.

Ethically, Kautilya’s pragmatism diverges from Immanuel Kant’s deontological rigidity (1785), adopting instead a teleological framework similar to John Stuart Mill’s Utilitarianism (1863). Yet, Kautilya’s ethics are embedded within the Dharmic notion of collective welfare, balancing outcomes with moral duties, anticipating Bazerman and Tenbrunsel’s (2011) concept of bounded ethicality where decision-makers operate within situational constraints. For instance, his advocacy for state surveillance and discipline (*Danda-Niti*) for societal order conflicts with modern participative leadership theories (Likert, 1967) and servant leadership ideals (Greenleaf, 1977), which prioritize employee empowerment and trust-building. Singapore’s rigorous regulatory environment demonstrates the tension between centralized control and participative governance, validating some of Kautilya’s authoritarian pragmatism while emphasizing contemporary calls for transparency and inclusion.

Notably, Kautilya’s emphasis on *Lokasangraha* (i.e., social welfare and public good) anticipates the modern corporate social responsibility (CSR, Carroll, 1991) and Environmental, Social, and Governance (ESG) frameworks (Eccles et al., 2014). His holistic approach to leadership resonates with Amartya Sen’s (1999) development ethics and capability approach, both emphasizing human welfare and ethical accountability beyond profit maximization. Patagonia’s commitment to environmental sustainability exemplifies this systemic ethical responsibility. Conversely, Kautilya’s paternalism and espionage practices raise ethical concerns in light of Floridi’s (2018) advocacy for transparency and data privacy, highlighting tensions between security and individual rights.

While Kautilya’s *Arthashastra* provides a foundational yet complex precursor to modern management thought, its integrative ethical pragmatism, systemic governance, and strategic foresight offer rich insights, yet its authoritarian and surveillance elements necessitate careful reinterpretation.

Table 2

Linkages Between Kautilya’s Arthashastra and Modern Management Theories

| Kautilya’s Core Concept | Modern Management Theory | Philosopher/Thinker | Organizational Focus | Critical Insight / Divergence |
|--------------------------------|---------------------------------|----------------------------|-----------------------------|--|
| Rajadharma (Leadership Duty) | Transformational Leadership | Bass & Avolio (1994) | Leader-follower relations | Blends duty with pragmatic governance, beyond charisma |

| | | | | |
|---------------------------------------|--|--|---------------------------------------|---|
| Saptanga Theory (Systems View) | Systems & Contingency Theory | von Bertalanffy (1968), Fiedler (1964) | Organizational design & adaptability | Emphasizes ethical resilience, unlike mechanistic views |
| Mandala Theory (Stakeholder Mapping) | Stakeholder & Game Theory | Freeman (1984), Axelrod (1984) | External relations & networks | Focuses on long-term stability, not just short-term gains |
| Yukti (Strategic Prudence) | Emergent Strategy | Mintzberg (1994) | Strategy formulation | Balances foresight with situational ethics |
| Danda-Niti (Discipline & Law) | Organizational Justice & Control | Greenberg (1987) | Governance & compliance | Potential conflict with participative models |
| Lokasangraha (Public Welfare) | CSR & ESG Frameworks | Carroll (1991), Eccles et al. (2014) | Corporate governance | Moves beyond voluntary CSR to systemic welfare |
| Espionage and Surveillance | Ethical Leadership & Transparency | Floridi (2018) | Ethics & compliance | Ethical concerns with surveillance; need for transparency |
| Economic Policies (Moderate Taxation) | Stakeholder Capitalism & Ethical Economics | Porter & Kramer (2011) | Economic policy & resource management | Challenges shareholder primacy model |

SCHOLARLY APPLICATIONS AND DISCIPLINARY ENGAGEMENTS WITH KAUTILYA’S ARTHASHASTRA

In recent decades, Kautilya’s *Arthashastra* has been increasingly recognized not merely as an ancient treatise on governance but as a complex, systems-oriented framework offering profound relevance to contemporary ethical, strategic, and organizational challenges. Its resurgence in academic literature reflects a broader epistemic shift, one that embraces indigenous knowledge systems as legitimate sources of managerial and institutional wisdom. Rooted in pragmatic statecraft, the *Arthashastra* provides a nuanced understanding of power, leadership, ethics, and decision-making through principles such as *Dharma* (ethical duty), *Artha* (material prosperity), *Yukti* (contextual rationality), and *Rajamandala* (concentric diplomacy). These concepts, though embedded in an ancient socio-political milieu, are being increasingly appropriated to confront modern dilemmas in leadership, corporate governance, international diplomacy, and beyond.

Rather than being confined to South Asian studies, recent scholarship illustrates the *Arthashastra’s* migration across disciplinary boundaries, evolving into a heuristic device for both theoretical inquiry and applied analysis (Bisht, 2019). This interdisciplinary uptake signifies a paradigmatic broadening in global scholarship, one that challenges the Eurocentric dominance of organizational, strategic, and philosophical canons. Importantly, the application of Kautilya’s *Arthashastra* is not limited to historical exegesis or cultural nostalgia; it represents an actionable corpus of knowledge with empirical and theoretical potential across contemporary institutional contexts.

The following table synthesizes key disciplines where Kautilyan principles have been integrated, alongside their current domains of application.

Table 3

Scholarly Applications and Disciplinary Engagements with Kautilya’s Arthashastra

| Discipline | Current Areas of Application |
|---------------------------|---|
| Organizational Leadership | Ethical leadership, virtue ethics, crisis leadership |
| Strategic Management | Competitive strategy, alliance formation, policy planning |
| Corporate Governance | Stakeholder capitalism, anti-corruption, ESG principles |

| | |
|----------------------------|---|
| Public Policy | Statecraft, economic planning, governance models |
| International Relations | Realist diplomacy, geopolitical positioning, Rajamandala theory |
| Behavioral Decision-Making | Yukti-based reasoning, cross-cultural negotiation, rational choice theory |
| Ethics and Philosophy | Dharma-based frameworks, Indic moral reasoning, business ethics |
| Educational Leadership | Indic pedagogy, curriculum development, character education |

Kautilya's *Arthashastra* demonstrates remarkable adaptability across disciplines, offering a philosophically rich and context-sensitive framework (Ramanathan & Aithal, 2025). In organizational leadership, it shifts focus from hierarchical authority to ethical intentionality (*Dharma*) and pragmatic reasoning (*Yukti*), aligning with transformational and authentic leadership models. Corporate governance is reimagined through its emphasis on social legitimacy, stability, and ethical accountability, resonating with modern ESG and stakeholder approaches. Strategic management draws from *Rajamandala* and *Upeksha*, enabling a nuanced analysis of alliances and competition in volatile, multi-polar markets. In international relations, the text offers a sophisticated, ethically aware form of realpolitik applicable to contemporary geopolitical dynamics. Lastly, its integration into behavioral decision-making, ethics, and education promotes culturally rooted leadership development and curriculum innovation grounded in virtue ethics.

The growing academic engagement with Kautilya's *Arthashastra* signals more than a revival; it represents a critical epistemological expansion of management, leadership, and governance studies. By engaging with indigenous knowledge systems through analytical rigor and contextual synthesis, scholars are not only reclaiming ancient wisdom but also equipping contemporary disciplines with culturally resonant and ethically grounded frameworks.

RELEVANCE TO MODERN ORGANIZATION AND SOCIETY

Kautilya's *Arthashastra* embodies a timeless philosophy that speaks directly to contemporary challenges in organizational leadership, human resource development, institutional governance, and ethical management across diverse societal and cultural contexts (Sahoo, 2025). Far from being an archaic text, it offers a rigorous and pragmatic framework that resonates with the complexities of 21st-century organizational life, encompassing both Western and non-Western paradigms.

At its core lies the Rajarshi archetype, the philosopher-king, who rules not through domination but through wisdom, introspection, and moral authority (Narayanan, 2019). This ideal blends ethics and pragmatism, echoing the foundational principles of transformational and servant leadership in modern management theory. In this model, leadership is not merely positional power but a moral and intellectual responsibility to serve the collective good. The Rajarshi concept remains profoundly relevant for today's corporate leaders, educational administrators, and policymakers, who must balance performance with purpose, especially in an era of stakeholder capitalism, systemic inequality, and global volatility.

The *Arthashastra* promotes a tripartite model of governance, such as *Dharma* (moral order), *Artha* (economic purpose), and *Nyaya* (justice), that aligns seamlessly with the triple bottom line of people, planet, and profit (Arjun et al., 2025). Kautilya's vision advances beyond material accumulation, urging institutions to internalize justice, welfare, and sustainability as strategic imperatives. Contemporary organizations such as Unilever, Salesforce, and Tata Group embody this ethos by integrating CSR, ESG standards, and ethical codes into their strategic core, not as appendages but as drivers of value creation and societal trust (Sthapit et al., 2025).

In the realm of human resource development, Kautilya's insights are strikingly modern. He emphasizes *Prabhu Shakti* (vision), *Mantra Shakti* (purpose or strategic thinking), and *Utsah Shakti* (motivation or executorial zeal), principles that parallel modern leadership development models focusing on vision alignment (Bisht, 2019), strategic communication, and motivational intelligence. His counsel on the identification and nurturing of talent, based on merit, capability, and ethical disposition, foreshadows today's competency-based HR practices. Moreover, his warnings against *Pramada* (negligence) and *Alasya* (indolence) mirror current concerns about complacency, disengagement, and toxic workplace culture.

Kautilya also emphasizes the emotional and psychological dimensions of leadership. His recognition of human vulnerabilities (i.e., lust, anger, greed, vanity, arrogance, and excessive pleasure) as impediments to rational decision-making is remarkably aligned with the behavioral sciences and emotional intelligence frameworks central to leadership development today. His teachings encourage

self-reflection and ethical grounding, similar to modern executive coaching, mindfulness training, and adaptive leadership models.

In educational institutions, especially in STEM and management disciplines, Kautilya's framework is immensely valuable. His emphasis on inquiry (*Anvikshiki*), evidence-based decision-making, ethical reasoning, and interdisciplinary knowledge speaks directly to the goals of contemporary higher education: cultivating ethical, strategic, and socially conscious leaders. Business schools and leadership programs (Luintel & Timsina, 2024), particularly in Asia, Europe, and increasingly North America, have begun integrating non-Western philosophical frameworks. Institutions such as IIM Bangalore, the Indian School of Business, and Singapore Management University have initiated such cross-civilizational dialogues, using the *Arthashastra* as a lens to broaden ethical leadership beyond utilitarian and Kantian paradigms. In STEM disciplines, where innovation often outpaces ethical reflection, the *Arthashastra* offers a grounding moral compass that balances scientific pursuit with societal responsibility.

Organizational forms across cultures, such as public institutions, MNCs, non-profits, universities, start-ups, and even digital platforms, can benefit from Kautilyan principles (Sihag, 2017). His views on decentralized governance, illustrated by the extension of administration to village levels, anticipate today's agile structures, distributed leadership, and local empowerment strategies. His advisory model, with *Mantris* (counselors), *Senapati* (military strategist), and *Purohit* (chief justice), resembles modern organizational designs with advisory boards, C-suite leadership, and compliance officers, reinforcing the importance of distributed expertise and ethical checks.

In multicultural and cross-cultural environments, Kautilya's thought bridges the philosophical divide between collectivist Eastern traditions and individualistic Western frameworks (Gautam, 2017). His realist-pragmatic worldview, coupled with a deep concern for moral rectitude, aligns with Confucian, Stoic, and even African Ubuntu philosophies. For global firms navigating cultural plurality, his framework supports adaptive leadership, ethical pluralism, and strategic diplomacy, essentials in managing cross-border teams, negotiating alliances, and cultivating inclusive workspaces.

His Mandala theory, originally crafted for geopolitical strategy, is especially salient for stakeholder engagement and risk management. It encourages leaders to evaluate relationships not merely by proximity or power, but through strategic compatibility, ethical reliability, and long-term alignment. In today's volatile supply chains, shifting geopolitical landscapes, and ESG-sensitive ecosystems, such an approach is indispensable.

The *Arthashastra* also anticipates modern governance and compliance systems. Kautilya champions transparency, performance accountability, the rule of law, and institutional checks, foundational to contemporary regulatory frameworks, constitutional democracies, and organizational ethics programs

(Sharma, 2021). His emphasis on intelligence (data), foresight, and risk management emphasizes the relevance of data governance, cybersecurity, and scenario planning in today's digital economy.

Moreover, his concept of *Yoga-Kshema*, the security and well-being of citizens, extends naturally to today's employee-centric policies and stakeholder capitalism. Modern firms that focus on mental health, workplace safety, upskilling, and inclusive culture, such as Google, Microsoft, and Infosys, reflect this Kautilyan ideal.

Kautilya's *Arthashastra* is not just a political treatise; it is a strategic philosophy of ethical leadership, institutional resilience, and socio-economic justice that holds deep relevance across modern sectors and cultures. From corporate boardrooms to public governance, from STEM innovation to liberal education (Rai, 2024), its insights serve as a philosophical and operational guide for responsible leadership.

DISCUSSION AND CONCLUSIONS

Kautilya's *Arthashastra*, though conceived in ancient India, remains profoundly relevant in today's dynamic and ethically complex business environments. Amid moral dilemmas and evolving leadership paradigms, it offers a timeless source of wisdom. This study highlights the *Arthashastra*'s continuous relevance to modern organizations by emphasizing its ethical roots and leadership objectives. Its teachings inspire leaders to cultivate moral cultures, make ethical decisions, and lead with integrity, ultimately strengthening both organizations and society.

Rather than a mere historical artifact, Kautilya's *Arthashastra* emerges as a living tradition of leadership wisdom. Its enduring importance lies in its holistic integration of ethics and strategy, psychological insight, and practical orientation, qualities that are critical in today's complex business landscape. As organizations worldwide seek sustainable leadership models, this ancient treatise provides timeless guidance for building ethical, effective, and resilient enterprises. It transcends the narrow confines of a political or administrative manual, offering a strategic, ethical, and comprehensive framework to address fundamental challenges in modern leadership, governance, and organizational resilience. In an era defined by volatility, disruption, and increasing stakeholder scrutiny, the *Arthashastra*'s emphasis on moral authority, strategic foresight, and institutional accountability offers invaluable lessons for contemporary leaders.

Kautilya's concepts of decentralization, distributed leadership, merit-based human resource practices, and psychological understanding of leadership behavior align with modern principles of agility, inclusivity, and emotional intelligence in organizations. His doctrines on risk management, intelligence gathering, and scenario planning anticipate current models of strategic foresight

and crisis leadership. In this respect, the *Arthashastra* is not a relic of a distant past but a sophisticated blueprint for navigating complex institutional landscapes with both strategic acumen and ethical clarity.

Although Kautilya is often viewed as a shrewd strategist who employed Shram, Dam, Danda, and Bhed to secure the Maurya Empire's rise, his writings rest on ethical values and responsible leadership. These tactics were pragmatic responses to overthrow a corrupt regime, not an endorsement of unethical behavior. His vision for uniting the Indian subcontinent emphasized inclusive governance, balancing stakeholder interests, and aligning state philosophy with just administration. He advocated for a moral, well-trained ruler, a cohesive governance framework, and the rule of law, principles adaptable to modern organizational leadership on a global scale.

Importantly, Kautilya bridges Eastern collectivist traditions and Western individualistic approaches, providing a cross-cultural philosophical lens well-suited for global leadership. His insights offer a moral compass in an era when ethics and purpose are central to organizational legitimacy and long-term success. Thus, Kautilya's *Arthashastra* serves as an enduring guide for ethical leadership, strategic governance, and sustainable business practice. It challenges today's leaders to transcend short-term gains and positional power by leading with foresight, accountability, and a steadfast commitment to the greater good, establishing a compelling paradigm for 21st-century organizations striving to be both effective and ethical.

IMPLICATIONS

This study contributes by bridging the ancient wisdom of Kautilya's *Arthashastra* with contemporary management and leadership theories, challenging the Eurocentric dominance in organizational scholarship. The study enriches the corpus of leadership and ethics literature by introducing the *Arthashastra* as a non-Western epistemological foundation.

This study clarifies how Kautilya's ancient teaching provides a strong theoretical foundation for ethical leadership and management practices in the ever-evolving global business landscape by carefully analyzing and drawing meaningful comparisons between his timeless teachings and contemporary management theories. By systematically mapping Kautilyan principles onto modern frameworks, this study establishes a novel, non-Western epistemological foundation for ethical business practices. Unlike Western paradigms that often separate ethics from strategy, Kautilya's *Arthashastra* integrates moral duty with pragmatic statecraft, offering a more holistic leadership philosophy. This synthesis not only enriches management literature but also calls for a paradigmatic shift in how leadership and corporate governance are conceptualized.

By positioning Kautilya's thought as a living intellectual tradition, this study opens new avenues for indigenous management theory, cross-cultural ethics, and historically informed organizational research. This opens new theoretical avenues for comparative leadership research, encouraging the integration of ancient Eastern philosophies into global organizational studies. Furthermore, this study advances the discourse on ethical leadership by presenting Kautilyan ethics not as rigid moral absolutism, but as contextually adaptive and outcome-oriented. This adds granularity to existing ethical leadership models and invites scholars to explore culturally embedded ethical frameworks that accommodate both moral integrity and strategic flexibility.

Similarly, the Rajarshi archetype, with its blend of intellect, moral insight, and self-mastery, resonates with leadership ideals found in Western literature (e.g., Shakespeare's Prospero or Melville's Ahab) and offers fertile ground for cross-cultural interpretation in literary studies.

This study also provides actionable insights to redefine leadership, governance, and corporate strategy in an era of ethical crises and stakeholder capitalism. Kautilya's *Arthashastra* offers a time-tested blueprint for modern executives navigating VUCA (Volatile, Uncertain, Complex, Ambiguous) environments. His emphasis on *Prabhu Shakti* (visionary authority), *Mantra Shakti* (strategic counsel), and *Utsah Shakti* (motivational execution) translates into a leadership model that balances foresight, collaboration, and ethical resilience. The *Mandala* theory's geopolitical strategy can be adapted for competitive stakeholder mapping, helping firms assess alliances, risks, and ESG compliance in global markets. Additionally, Kautilya's anti-corruption measures (*Danda-Niti*) and decentralized governance offer a template for organizational transparency, particularly in emerging economies plagued by institutional fraud. For HR professionals, his meritocratic talent management and emphasis on emotional self-mastery (*inner governance*) align with modern competency-based leadership development and mindfulness training. By embedding Kautilyan principles into corporate codes, executive education, and CSR policies, businesses can cultivate cultures of integrity, long-term resilience, and inclusive growth, transcending the limitations of profit-centric Western models.

The *Arthashastra's* emphasis on balancing ethical duty with strategic insight can inform how we govern emerging technologies in AI and biotechnology, prioritizing societal well-being while fostering innovation. Kautilya's strategic frameworks can be revitalized through digital innovations to enhance accessibility and experiential learning. AI-driven simulations can help students apply principles like *Dharma* and *Yukti* in ethical dilemmas, while leadership apps might benchmark decisions against Rajadharma. AI-driven leadership simulations could embed his ethical models (e.g., Dharma-Yukti tradeoffs) for business students. Mobile apps might assess managerial decisions against Dharmic benchmarks, while gamified Mandala theory modules could teach alliance-building in MBA

programs. Gamified modules can teach Mandala theory, and VR environments can immerse learners in Mauryan court dynamics. Virtual reality recreations of Mauryan-era dilemmas would make his strategies experiential. Machine learning can even decode modern corporate strategies through an Arthashastric lens.

These techno-hermeneutic approaches not only democratize ancient wisdom but also foster interdisciplinary engagement across management, technology, and the humanities, bridging classical thought with contemporary educational and strategic practices.

Kautilya's Mandala theory, a concentric model of allies and adversaries, offers a versatile lens for modern strategy. Managers can apply it to map hospital-community ties, navigate platform rivalries in tech startups, or assess geopolitical risks in global supply chains. This adaptable framework enables cross-sectoral strategic thinking.

Policy makers and leadership training institutes can utilize insights from the *Arthashastra* to enrich civic education, ethics curricula, and executive development programs, particularly in South Asia and other culturally aligned societies. Integrating such texts into leadership development frameworks fosters not only cross-cultural competence but also a deeper sense of ethical reflexivity rooted in civilizational wisdom.

Kautilya's *Arthashastra* provides a robust framework for university leadership, faculty development, and institutional strategy in higher education. For higher education policymakers, Kautilya's principles advocate decentralized governance (e.g., faculty senates), ethical accreditation standards, and curricula that integrate ancient wisdom with modern critical thinking. Leadership programs in universities could incorporate *Arthashastra*-based case studies to train administrators in crisis management, conflict resolution, and ethical decision-making.

The study also has implications for global leadership and intercultural management. In an increasingly multipolar and culturally pluralistic world, leadership frameworks rooted in diverse traditions are essential for promoting inclusivity and contextual intelligence. By positioning the *Arthashastra* alongside global leadership theories, the study advocates for epistemological diversity and paves the way for a decolonized, intercultural approach to leadership education and organizational development.

As a conceptual review, its propositions and claims require empirical validation through quantitative and qualitative studies in business and STEM-education contexts. There is inherent subjectivity in hermeneutic interpretation of the *Arthashastra*, and conceptual clarity and applicability may be impacted by cultural and contextual transfer to contemporary organizations and STEM institutions, as well as translation differences between editions. The practical efficacy of Kautilya-inspired leadership, governance, and ethical frameworks in a

variety of organizational and educational contexts could be assessed in future research using case studies, experimental designs, or digital simulations.

Contribution Loads

Ujjwal Bhattarai: Conceptualization, Theoretical Framing, Literature Synthesis, Writing Original Draft, Methodological Design, Thematic Interpretation, Critical Review and Editing, Validation, and Project Administration.
ORCID iD: <https://orcid.org/0009-0005-4728-6661>

Baburam Timsina: Conceptualization, Literature Review Support, Theoretical Validation, Thematic Interpretation, Manuscript Review and Editing, and Coordination.
ORCID iD: <https://orcid.org/0009-0001-9593-4222>

Upendra DC: Conceptualization, Resource Compilation, Literature Mapping, Thematic Interpretation, Manuscript Review and Editing, Critical Review, and Validation.

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ANNEX

Table A1

Sanskrit Term and Operationalization

| Sanskrit Term | Meaning and Relevance in Modern Business |
|----------------------|--|
| Rajadharma | Duties and ethical obligations of leadership/governance |
| Dharma | Ethical order or righteousness in decision-making |
| Yukti | Strategic adaptability guided by rational pragmatism |
| Mandala | Theory of alliances: useful for geopolitical and business negotiations |
| Artha | Material prosperity, viewed as essential but to be pursued ethically |
| Anvikshiki | Critical inquiry, logic |

| | |
|------------|--|
| Danda-Niti | Discipline and punishment |
| Mandala | Concentric circles of allies/adversaries |

Bios

Ujjwal Bhattarai is a Research Associate at the Research Management Cell of Kathmandu Model College (KMC), affiliated with Tribhuvan University. He is an M.Phil. Scholar at the School of Management, Kathmandu University. His major research interests lie in the areas of leadership, ethics, organizational behavior, agility, and the future of work. Email: ujjwalbhattra17@gmail.com

Baburam Timsina, a distinguished Assistant Professor at Tribhuvan University, has spent two decades inspiring future leaders through his expertise in Higher Education in Western and Eastern Intellectual Philosophy, Graduate Research Teaching, Writing & Publication, General Management & Conflict Studies, empowering communities across Nepal with innovative educational initiatives, and supporting NGOs in strategic development.

Email: brtimsina@gmail.com

Upendra DC is an emerging scholar at the School of Management, Kathmandu University, Nepal. His research interests include general management, knowledge management, leadership, and the integration of Eastern and Western philosophical perspectives in modern organizational ethics and practice.

Email: sankhendc@gmail.com

Note: The authors acknowledge the use of OpenAI ChatGPT for final drafting and editing support. The tool was used for refining languages/ensuring clarity and coherence throughout the article. The contributions made by ChatGPT helped enhance the overall quality of this work.