



SECTION 3

**INVIGORATE CORPORATE BOARD THROUGH INDIAN
SCRIPTURES**

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Abstract

There have been scores of corporate failure all over the world due to poor corporate governance or lapse in well manage corporation at the board level; due to this transparency, accountability, fiduciary duty, interest of shareholders, etc. are impinged on. Erosion of values, wisdom, righteousness, fairness, equanimity in judgment, etc. are appear to be possible attributes responsible for accelerating to corporate turpitude. Hence, this paper attempt to draw attention of the board members to look into Indian scriptures and harmonize them to achieve sustainable and effective good governance and accentuate on their potential in helping to fulfill board's responsibilities effectively. It also discusses about principles and guidelines of Indian scriptures for good governance that can be adopted in today's time.

Keyword: Corporate Governance, Indian Scriptures, Corporate Board

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1 Introduction

In today's business houses/ corporations, the corporate governance (CG) environment largely determine the profit making and the path that it will take to make more profit. Its key players are shareholders, board of directors, top management teams, employees, regulators and auditors, investors, clients/customers, and suppliers. All other stakeholders are considered secondary players. However, the responsibility of ensuring good corporate governance rests heavily on the shoulders of the board of directors. Regardless of the other key players in the corporate governance environment, this body acts as a major pivot around which most corporate activities revolve.

Corporate governance can be seen from various perspectives such as: an operational perspective;

stakeholder's perspective; economics perspective; and social perspective.

i. An operational perspective, corporate governance, (OECD, 2001) is about the procedures and processes according to which the organization is directed and controlled. The operational perspective, focusing on the shareholders, the board, and the management have been the basis for much works in CG the concept of best practices in the activities of and interaction between them in fundamental to the CG codes. However, the OECD report strengthened the operational perspective by including the relationship among various perspectives: CG structure specifies the distribution of rights and responsibilities among the different participants in the organization such as the board, managers, shareholders, and other stakeholders – and lays down the rules and procedures for decision making. The corporate library, an

influential website (www.corporatelibrary.com) described CG as the relationship among the shareholders, directors and management of a company, as defined by the corporate charter, by-laws, formal policy, and rule of law.

ii. Tricker (2013) states CG is about the activities of the board and its relationship with the shareholders or members, and with those managing the enterprise, as well as with the external auditor, regulators and other legitimate stakeholders from stakeholder's perspective.

iii. Financial economist tends to see CG through a different lens from that of the lawyer and management expert. Their principal concern remains with the ownership concentration in CG system around the world and the legal protection available to investors. Nevertheless, financial economist has been the dominant contributor of scholarly research into CG, applying agency theory to board-level activities. Shleifer and Vishny (1997) say CG deals with the way supplier of finance assure themselves of getting a return on their investment.

iv. CG in social perspective context as the whole set of legal, cultural, and institutional arrangements that determine what public corporation can do, who controls them, how that controls is exercised, and how the risks and return from the activities they undertake are allocated.

Sir Adrian Cadbury, addressing the Global CG Forum of the World Bank in 2000 took such a view point when he said CG is concerned with holding the balance between economic and social goals and between individual and communal goals. The CG framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporation and society (source: http://www-wds.worldbank.org/servlet/WDSContentServer/WDS/P/IB/2004/11/22/000012009_20041122124501/Rendored/PDF/30446.pdf).

In short, we can say corporate governance promotes greater transparency, accountability, and conformity to laws and regulations. As a result, wealth is maximized and long-term prosperity for the company, its owners, and stakeholders is assured. Moreover, this preserves company integrity and reputation, as it minimizes abuse of power, employment discrimination, mistreatment of shareholders, and poor accounting practices. Above all, it acts as a shield against widespread financial misappropriation. Corporate governance refers to law, regulations, and acceptable business practice that determine relationships between corporation owners and its managers, on one hand, and its investors, on the other hand.

Arnwine (2002) articulates ineffective governance compromises with the ability of the management to succeed. Effective governance, in contrast, greatly assists the organization.

Characteristics of effective governance are: efficient, allows a respectful conflict of ideas, simple, focused, integrated and synergistic, good outcomes, preserves community assets, and leads to enjoyment and personal reward for the individual board members.

But in past two decades number of business/corporate houses are diverting from the main role and responsibility of their governance system and going towards bad governance and malpractices in corporate. The spectacular collapses of Enron and WorldCom in the United States, where shareholders lost a combined \$245 billion and the collapse of Italian dairy giant Parmalat in Europe, have transformed corporate governance from an afterthought to the cornerstone of any firm's or country's long-term success. Enron's sleight of hand accounting and unethical trading eventually meet the realities of balance sheets that do not balance and products that do not exist, unwitting employees whose financial futures are anchored to the Enron ship watch in horror as it quickly sinks. Its annual revenues rose from about \$9 billion in 1995 to over \$100 billion in 2000. The BBC new, at the end of 2001, was revealed that Enron's reported financial condition was sustained substantially by an institutionalized, systematic, and creatively planned accounting fraud, known since as the Enron scandal. Enron has since become a well-known example of willful corporate fraud and corruption (Li, 2010, BBC News 2002). The scandal also brought into questions the accounting practices and activities of many corporations in the United States and was a factor in the creation of the Sarbanes-Oxley Act of 2002. The scandal, further more affected the greater business world by causing the dissolution of the Arthur Andersen accounting company. Reinert (2002) alludes that Arthur Andersen, the auditor that has come under fire for failing to catch bankrupt Enron Corp.'s questionable accounting practices, overlooked a \$644 million accounting error on a 1999 NASA audit, according to a federal report.

Stefano (2005) states WorldCom made major accounting misstatements that hid the increasingly perilous financial condition of the company. The Report described the accounting shenanigans as follows: "... As enormous as the fraud was, it was accomplished in a relatively mundane way: more than \$9 billion in false or unsupported accounting entries were made in WorldCom's financial systems in order to achieve desired reported financial results ..."

In India, an organization like Satyam Computers (they had won the coveted Golden Peacock Award for Corporate Governance under Risk Management and Compliance Issues in the year 2008) which was equally revered in the Indian IT industry until January 2009 when the company's chairman Mr. Ramalingam 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 (NYSE) Satyam shares peaked in 2008 at US\$ 29.10; by March 2009 they were trading around US \$1.80. Mr. Raju is charged with several offences, including criminal conspiracy, breach of trust, and forgery. Mr. Ramalingam 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. Mr. 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 (source: Media dub Satyam scandal 'India's Enron', The Economics Time, January 8, 2009; "SEC Charges India-Based Affiliates of PWC for Role in Satyam Accounting Fraud". Securities and Exchange Commission, 5 April 2011.

Retrieved 27 November 2014; Satyam ex-CFO Vadlamani Srinivas sent to judicial custody till Jan 23. *The Economic Times*, 11 January 2009); Satyam scandal could be 'India's Enron' – World business-msnbc.com (updated 11:42 a.m. ET 7 January 2009))

In spite of having number of measure taken throughout the world to combat these confronting issues which have resulted in framing out a number of guidelines and principles for corporate functioning. In our views, law and regulation cannot bring about changes in corporate to behave better to benefit to all concerned. It is combine efforts of all stakeholders, which include shareholders, board of directors, employees, customers, dealers, government and society at large. And also requires three different kind of quality i.e. trigunas – sattava (light, bliss, goodness), rajas (passion, motion) and tamas (inertia, darkness). Table 1 shows the characteristics and examples of sattva, rajas and tamas.

Table 1. Characteristics of Trigunas (Sattva, Rahas and Tamas)

The 3 components	Characteristics	Adjective	Example
Sattva	Purity and knowledge	<i>Saattvik</i>	<i>Saattvik</i> man – lives in service of society with no expectation of recognition or reward or any ulterior motive
Raja	Action and passion	<i>Raajasik</i>	<i>Raajasik</i> man – lives more for personal gain and achievement
Tama	Ignorance and inertia	<i>Taamasik</i>	<i>Taamasik</i> man – has no problem about stepping on other's toes to get ahead or harming society

Source: <http://www.spiritualresearchfoundation.org/userfiles/image/spiritual-science/veg-non-veg/SRT-Def.gif>

They exist in all beings, including human beings, in various degrees of concentration and combination. Depending upon their relative strengths and combination, they determine nature of beings, its actions, behavior and attitude and its attachment to the objective world in which it lives. Imbalances in the Sattvic-Rajasik-Tamasic Gunas are leading to organization's failure

1. Unethical practices like favoritism, financial misrepresentation, etc may lead to sudden degradation of “Sattvic” guna within the organizational culture. This may lead to emergence of “Tamasic” tendencies and can break the delicate balance between Sattvic-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 Sattvic gunas which will lead to making wrong organizational decisions at various levels.

As the Srimadbhagavad Gita says:

Sattvā sañjāyate jñānam rajasolobha eva ca pramāda-mohau tamaso bhavato jñānam eva ca (14:17, Srimad Bhagavadgītā)

Which mean from the mode of goodness, real knowledge (*sattava* develops); from the mode of passion, greed (*Rajas*) develops; and from the mode of ignorance develop foolishness, madness and illusion (*tamas*).

If governing body of the business organization and governance system lack in any of these they go against dharma (righteous). Dharma is not a religion it is a righteous duty for each segments or systems. Sri Satya Sai Baba (source: Satya Sai Baba Balvikas Part 2 Bhagavad-Gita) has said that the quintessence of Srimad Bhagwad Gita in two words “MAMA DHARMA”. The word Dharma is the first word from the first shloka of first chapter.

Dharmakshetre kurukshetre samavetaa yuyutsavah; Maamakaah paandavaashchaiva kimakurvata sanjaya. (1:1, Srimad Bhagvat Gita)

Its English meaning is, Dhritarashtra, the king of Kuru family asked from the Sanjay (charioteer of Dhritarashtra, who got extraordinary vision for seeing Mahabharata war from the castle of the king Dhritarashtra from Lord Krishna and narrated blow-by-blow account of the war to Dhritarashtra), O Sanjay, after my sons and the sons of Pandu (younger brother of Dhritarashtra) assembled in the place of pilgrimage at Kurukshetra, desiring to fight, what did they do?

And MAMA is the last word of the last shloka of the last chapter. Sanjay says where there is Krishna, the master of all mystics, and where ever there is Arjuna, the supreme archer; there will also certainly be opulence, victory, extraordinary power and morality. This is my opinion.

Yatra yogeshwarah krishno yatra partho dhanurdharah;

Tatra shreevijayo bhootirdhruvaa neetirmatirmama. (18:78 Srimad Bhagvat Gita)

These two words say about our duty i.e. each of us has to do one's duty properly whether we are in home, office, corporate, society, anywhere and with no attachment of any lust or hatred towards anyone. That is "MAMA DHARMA" (my duty). Duty is God; Work is worship so we should do our duty.

In Ramayana, dharma is upheld there by Rama's kingdom became glorious and prosperous, therefore, Ramrajya (good governance kingdom) established. On contrary in Mahabharata non-adherence of dharma brought in ruins of kingdom of Kaurva's and Pandava's adhered of dharma established their kingdom.

We strongly hold the view that solutions to present corporate board problems may be looked into Indian scriptures following which the India had the glorious past in achieving economic, technological growth and well-being of society. Corporate houses/ organizations need to learn lessons for good corporate governance, board members gain knowledge regarding the role of board from the Indian scriptures to adopt to gain value system; run their business smoothly and profitably; to satisfy and keep happy to their shareholders. This paper mainly focuses on role of corporate board. The aim of this paper is

i) to present relevance and application of principles and strategies discussed in Indian scriptures such as: The Srimadbhagwat Gita, The Ramacharitramanas, The Ramayana, The Manu Smriti, The Vedas, Kautaliya Arthashastra & Nitishastra, etc. in harmonizing to achieve sustainable and effective good governance system;

ii) emphasize on Indian scriptures potential in improving role of the board and help to fulfill their responsibilities effectively and efficiently;

iii) thrash out about practices, principles and guidelines of Indian scriptures for good governance that can be adopted in today's time.

2 Role of corporate board and its issues

Most of the companies face problem to understand whether or not they are of a size and capacity to have a separate governance structure. It may be necessary to still have some board members actively engaged in the day-to-day running of the organization. This can be defined as 'a Management committee'. This is a completely appropriate structure for many agencies as they are growing, but do not yet have sufficient resources to enable management and governance to be totally separated. Confusing the role of a management committee with a governance board is extremely common (source: <http://boardclarity.co.nz/wp-content/uploads/2010/10/The-role-of-board-members1.pdf>). Board should know that 'to whom are we truly accountable?' Their focus should be very clear on the organization, staff, clients/customers, stakeholders etc. But Board members often overlook the fact that they meet may be once a month for just a few hours. They have to let the manager make the decisions on the 'how' or there is a risk that the organization will be stymied by well-meaning but interfering board members who are only seeing part of the picture.

Boards, in views of Arnwine (2002), have mainly three primary roles: i) to establish policies; ii) to make significant and strategic decisions; and iii) to oversee the organization's activity. Effective implementation of policy is indispensable to carry out the other two roles. Policies define focus and differentiate responsibilities among the board, the management, and employees. Strong and well-written policies lead to more efficient board functioning. Instead of having the same substance or very similar issues on the agenda repetitively, the board can develop a policy that covers the issue and leave implementation of the policy to management. Boards have approximately 24 hours together each year, spread over regular meetings. It is essential to use that time wisely. At the same time, board-level policies should be assessed on a regular basis.

Decision making entails creating choices about the organization's vision, mission, and strategies. Boards make decisions about issues that are strategic and significant, such as whether to enter an affiliation agreement with another organization. As decision makers, boards can also delegate non-governance types of decisions to others and would be wise to do so.

Oversight is an important function, but boards must remember that the organization is theirs to oversee, not to manage. Some boards cross the line and try to involve themselves in management. Nevertheless, in the oversight role, the board is legally responsible for everything that happens within the organization, whether in the production department, marketing, or finance or any other department. In the area of quality, for example, the board's oversight role may include setting the tone by stating that the

organization is committed to quality; establishing policies related to quality, such as credentialing; ensuring that mechanisms are in place, such as committees, to establish a plan for quality; and monitoring implementation of the plan. Board committees play an important role in the governance process. It is useful to periodically review the structure and functions of the committees and to ensure that everyone knows what to expect from them.

In 2001, in the United State, a Blue Ribbon Committee, set up by the National Association of Corporate Directors (NACD), published a report Director Professionalism the key recommendations of which are as follows:

- Board should be composed of a substantial majority of independent directors;
- Board should require that key committees including but not limited to, audit, compensation, and governance/nominating – be composed entirely of independent directors, and be free to hire independent advisers as necessary (Hermanson and Rittenberg, 2003).

Research from the Harvard Business School, (Lorsch et al., 2009), following the global financial crisis, concluded that recent boardroom failure different from the previous corporate failings, such as Enron, Worldcom, Adelphia Communications, Tyco International, Refco's Scandal and several others corporate collapses, which were rooted in management malfeasance and led to the US Sarbanes-Oxley Act (2002). However, recent CG problems, the researchers found, were primarily attributable to the growing complexity of the companies that boards governed. The research found a strong consensus among directors that they key to improving board's performance was not government action, but action by each board. Moreover, it emphasized the differences between companies and concluded that each board needed to develop structures, processes, and practices to fit its needs. The notion that 'one size fit all' was viewed with skepticism. The Harvard research identified six areas for improvement at board level:

- Clarifying the board's role;
- Acquiring better information and deeper understanding of the company;
- Maintaining a sound relationship with management;
- Providing oversight of company strategy;
- Assuring management development and succession;
- Improving risk management.

Almost each and every country like USA, Germany, China, Brazil, France, Japan, Russia, South Korea, Middle East, North Africa, Developing countries mostly face problems in board and their governing system (Fernando, 2012; Tricker, 2012). And the experience of number of scandals shows that there is still a need for training and guidance in understanding governance. For some reason there is an assumption that governance is not a job that needs

to be learnt, no one can suddenly and easily make the transition to governance. It should not be acceptable for any organization, society, country and universe as a whole.

Corporates/organizations/institutions board must stay away from the manipulation in financial reports, internal trading without proper record, other malpractices and ill-legal issues. They should learn what messages our Indian scriptures give for administration, running and managing the organization for well-beingness of all.

3 Significance of Indian Scriptures for today's corporation/ organization/ institution board

Good Governance is neither new for India nor their practice. Indian Scripture like: the Vedas, the Upnishada, the Valmiki Ramayana, Sri Ramcharitmanas, the Mahābhārata, the Srimadbhagwat Gita, the Manu Smriti, Kautilya Arthasastra, Chanakya Neeti, etc. are in fact depiction and reflection of Indian governance system.

The corporate world's search for supremacy over competitors and players from other industries can be summed up in one phrase – the search for power. All CEOs refer to this struggle for power as though it was warfare strategy. No wonder then that book *The Art of war* by Sun Tzu is often quoted by various CEOs in their strategy plans (Pillai, 2010). Yesterdays king is today's CEO or Head of the organization; the sabhasad/mantra parishad is the managers; the kingdom is market/client/customer; the durga is the infrastructure of the organization; the rajkosha is the finance; the danda is the team of the organization; Kingdom peoples (citizens) are employees/shareholders/stakeholders; the mitra is mentor/consultant/independent director.

3.1 Role of board with transparency and anonymity as per Indian scriptures

Kautilya has given this one construct for governance in his out of 6000 sutras which are the key principles and strategies for sound governance, which seems to relevant even today and would be in the future too, is called The Saptangas - meaning "The 7 Pillars of a Successful Kingdom" (Kautilya's Arthashastra 6.1.1). Corporate houses adapt this construct to today's contemporary times as The 7 Pillars for Business Success.

1. SWAMI – The King (The Leader) - The Leader is the visionary, the captain, the man who sets the vision and the direction. In today's corporate world we call him the Director, CEO, etc. Without him the organization will lose direction. It is just like a ship without captain.

2. AMATYA - The Minister (The Manager) - An extraordinary leader and an effective manager together bring into existence a remarkable

organization. The Minister is the person who runs the show - the second-in-command. In today's time, the minister is an efficient manager, who steers the ship in the right direction and is always in action in today's corporate world.

3. JANAPADA - The Country (The Market/client/customer) - The place and people organization serve and from where they get revenue and cash flow. It is the area of operation. No business can exist without its market capitalization, its clients, and customers.

4. DURGA - The Fortified City (Infrastructure) - Infrastructure is the nucleus and the center of any organization. It's from here that organization central administrative work is done & in today's day & age, it is both physical & digital.

5. KOSHA - The Treasury (Finance) - Finance is the spine of any business. A strong and well-managed treasury is the heart of any organization.

6. DANDA - The Army (Team) - The Army consists of organization's team members. Those who are ready to struggle for the organization. The salesmen, the accountant, the driver, the peon - all of them add to Team.

7. MITRA - The Ally (Mentor) - The Ally is the friend, philosopher & guide, whom organization can depend upon when problems arise. He is the mentor/consultant who sheds light & guides when one is in murkyness.

In Ramayana, King Dasharatha says to his ministers - The burden of worldly righteousness is very heavy. This can be sustained only by royal power with qualities like courage and valor. A person who has no control of senses cannot carry this burden. I have become tired while carrying this burden of righteousness (2.2.9, Ayodhya kand, Valmiki Ramayana)

*raajaprabhaavajustam hi
durvahaamajitendriyaih
parishraantahoasmi lokasya gurviim
dharmadhuram vahan (2.2.9, Ayodhya Kand,
Valmiki Ramayana)*

And asks their consent for giving responsibility to his elder son Rama to rule Ayodhya for the benefit of the people.

*sahagam vishramamichchhaami putram kritvaa
prajaahit,
sannikrishhTaanimaan sarvaannumaanya
dvijarshhabhaan. (2.2.10, Ayodhya Kand,
Valmiki Ramayana)*

It shows the highest level of transparency, integrity, fairness, honesty, justice in decision making process. Though king Dashratha could use the power of king and as per rajtantra (monarchy) there were no need to ask any suggestions from the mantrigana/sabhasad but wanted to know what his citizens wants and what is their views for prosperity and happiness for all. Therefore, he followed democratic way of decision making process where all citizens should get involved for their and their kingdoms development

and growth. The Brahmans, important people, urban and rural citizens came to a consensus after discussing together and told the aged king that Rama is a perfect person to rule this kingdom but King Dashratha wanted to know their true intention and said I have a doubt as to why Raghava (Rama) to be the king immediately after hearing my words. It will delight me if you give your real opinion in this matter (2.2.24).

It reflects the vision of the citizens, respect towards citizen, faith, transparent selection process.

Those kings together with urban and rural citizens after hearing those words speak the truth about Rama to the great soul Dashratha as follows: *Oh king! We shall tell you now the various auspicious virtues of your wise son, listen to them. Rama qualities are equal to those of celestials, liked by all, and give pleasure to all. Rama is equal to Devendra in heavenly qualities. He has true valor and is greater than all the kings born in Ikshvaaku clan (the ancestor's family of Rama). Rama is the world renowned gentleman and keenly interested in truth and righteousness. Only Rama can make both righteousness and wealth combine without separation. He is equal to moon in making the people happy; equal to the earth in the quality of forgiveness; equal to Brihaspati (Guru/preceptor of God) in wisdom and verily to Devendra in valour. Rama knows all righteousness. He is true to his word, has good character and patience without any envy. He always speaks truthful loving and good words with gratitude to all living beings and consoles those who are in troubles. Rama is soft natured, has stable mind without any weakness, always an auspicious man. He worships aged Brahmans endowed with the knowledge of various sciences. By that, his name, glory and splendor are growing in this world. He is skilled in the use of various weapons known to celestials, demons and men. He has duly concluded his vow of studying the various sciences and has systematically learnt all the Vedas along with its branches (Siksha or phonetics; Vyakarana or Grammar; Chandas or Prosody; Nirukta or Etymology; Jyautisha or Astronomy; Kalpa or the branch of knowledge prescribing the ritual and giving rules for the ceremonial or sacrificial acts). Rama is gentle and best in the world in art of music. He has best relatives and great wisdom. Rama is trained in all matters from the best of brahmans skilled in the art of righteousness and in the science of political economy. If it is necessary to go to a battle to protect a village or a city, Rama goes with Lakshmana and returns home only after obtaining victory. Even after returning from battle, Rama goes to citizens on an elephant or a chariot and inquires about their well being as though they were his own kinsmen, like a father does to his sons. He asks about their wives and children, about the sacred fires, about their servants and students, always completely as per the due order. Rama the best among men always asks us 'Are your disciples serving you by keenly performing their actions?' Rama feels*

very sad towards affliction of men, and feels delighted in all functions celebrated by people on the occasions of child birth and the like, just as own father does. Rama speaks only truth, serves elders, keep the senses under control without affected by passion, talks smilingly, and protects righteousness in all ways. Rama duly procures beneficent deeds and not interested in wrangling talks. He is an orator like Brihaspati by his replies and rejoinders. Rama who enchants the world has beautiful eyebrows with red and broad eyes and absolutely like the God Vishnu himself in strength, heroism and valour. Rama knows the ins and outs of the public administration and capable of administering not only earth, but also the three worlds. Rama's anger or mercy is not arbitrary at any time. He kills those who are to be slain as per rules. He is not angered at the innocent. He gladly bestows wealth to those with whom he is satisfied. As the sun shines by his rays, Rama shines by his qualities that are peaceful, which are enchanting and delightful to men? (2.2.26-2.2.48)

Above said verse accentuate the quality, knowledge, concern, courage, awareness of a king who can serve all, who can take care of everyone with most respect. In today's corporate world, CEO/head of the organization, board members should take decision with the consent of all well wisher of the organization very carefully. If decision is timely and correct with the support of all, organization can avoid a simulation like untruth, non-righteousness, favors, selection of person for responsible and critical position without any proper knowledge. Ramayana also reflects that board members, CEO and all concern person should know the ins and out of the good administration/governance. Hence, they can keep their shareholders and all stakeholders happy and earn very fruitful results.

In Valmiki Ramayana, on the eve of Sri Rama's coronation, King Dasharatha summoned Rama and tendered wholesome and mature advice on Administration based on his experience. King Dasharatha said *although you are a storehouse of virtues, but I wish to offer some friendly advice to you out of sheer affection. Resorting to even greater humility (than before), constantly keep your senses under control. Avoid vices born of lust and anger. Rule according to both the direct method - to make a tour of one's dominions and ascertain things personally, to invite direct petitions from one's subjects, hear their grievances and decide their cases on their own merits, and indirect method - a Ascertaining the conditions and loyalty of one's own people and the relative strength and intentions etc., of the neighboring states through a network of spies of governance. Please your ministers and others (namely, the Army Commanders and Civic Guards) as well as people responsible for maintenance (against future contingencies) of numerous stores (of useful materials such as jewelry, gold and silver, textiles and ornaments) along with barns and armories. The*

friends and allies of a King, who protects the earth with fostering care and whose subjects are not only loved by him as his children but are devoted to him in their turn, exult in the same way as the immortals did on securing nectar. Therefore, disciplining your mind, my son, conduct yourself well as instructed by me. The importance attached to personal discipline and far-sightedness in matters of efficient administration will be evident from the foregoing.

*tasmattavam pushyayogenyoovrajaymvapnuhi,
kamatsatvam prakriteyaaiv vinitoo gunvanasi
(2.3.41)*

*gunvatayapi tu snehatputra vakshami te hitam.
bhuyoo vinaymasathaya bhava nityam
jitendriyah, (2.3.42)*

*kakrodhasamutathani tayjetha vayasananani cha.
parokshya vartamano vritya pratayksha tatha
(2.3.43)*

*amatyaprabhritih sarvaah
prakritishchanuranjaya
koshthagarayudhagareih kritya sanni chayann
bahunn (2.3.44)*

*tushthanurakhatprakritaryeeh palayati
medinimm*

*tasya nandnti mitrani labdhaamritamivaamrah
(2.3.45 Ayodhya Kand, Valmiki Ramayana)*

In the great epic Mahabharata, Yudhishtira elder son of Pandu asks about governance from the dying Bhishma (the son of Kuru King Shantanu and the river goddess mother Ganga, who was blessed with wish-long life and has sworn to serve the ruling Kuru king and grand uncle of both the Pandavas and the Kauravas. An unparalleled archer and warrior, he once fought his own guru the mighty Parasurama and defeated him)

What is governance: what is it like? What are its forms? What is it based on? What is its purpose? What is its origin? What is its Structure? How does governance keep vigilant in the service of the people? Who keeps awake while ruling the worlds? (Shanti Parva 121.5 and 6, Mahabharata).

Then Bhishma said, *if the enemies are endowed with Dharma (righteousness) and Artha (wealth) or if they follow the path of Adharma (unrighteousness) also, it would be better to make treaty with them. While explaining the science of polity, Bhishma said thus, having relied upon the words of someone, a king should neither punish anyone nor should honor anyone. It is the best principle to follow the footsteps of the best persons. It is necessary for a king to collect the treasure. With the treasure only, Dharma and the kingdom flourish. So far, nobody has ever directly seen the result of Dharma or Adharma. Hence, a king should always endeavor to obtain the strength. Strength is better than Dharma because the latter is relied upon the former. A king should not take the wealth of the people performing sacrifices. He can take the wealth of thieves and workless people. If a king foresees the troubles and plans for its remedy, he is called as a person possessed of presence of mind.*

The parva dedicates over 100 chapters on duties of a king and rules of proper governance. A prosperous kingdom must be guided by truth and justice (Sarkar, 1921, 1920, 1919).

Even Surpankha, the sister of king of Lanka Ravana talks on administration after her mutilation (cutting off her nose and ears) by Lakshmana for her foolish misadventure, she rushes to Ravana's court and criticizes him on his lapses in Public Administration and tenders him advice on good government.

karasi pana sovasi dinu rati, sudhi nahio tava sira para arati.

raja niti binu dhana binu dharm., harihi samarpe binu satakarm.

bidy. binu bibeka upaayaye, shrama phala parhe kiye aru paye.

sanga te jatii kumantra te raja, maana te gyana paaa te laja.

priti pranaya binu mada te guni, nasahio begi niti asa suni. (3.20.4-6, Aranyakand Sri Ramcharitramanas)

A greedy king, who is addicted to sensual pleasures and who acts at his sweet will and pleasure is avoided by his subjects like the cremation fire, who fails to attend to his duties personally at proper moment, hastens his downfall and ruins himself and his realm. If a king is ruthless, stingy, indifferent, proud and arrogant, his subjects will not come to his rescue in his times of crisis. A king who thinks too much of himself, who is evasive, self-conceited and ever irritable has to be mortally afraid even of his own kith and kin. Kings are said to be far-sighted because they can easily visualize the distant calamities with the aid of spies. That king alone who is discreet, erudite, self-controlled, and grateful and who obeys the divine law can rule his kingdom well. That king is verily worshipped by his subject, who though physically asleep is mentally awake, and does not indiscriminately punish or reward them. A slanderer, one steeped in worldly pleasure, one who is not in tune with time and one who cannot discriminate the good from the bad, loses his empire and perishes soon.

Vices (vyasanani) according to Manu Smriti arising from lust include hunting, playing at dice, sleeping by day, slandering others, fondness for women, vanity and vices resulting from anger are tale-bearing, violence, vindictiveness, jealousy, fault-finding, squandering one's wealth, abusive speech, and cruelty in punishment.

We, right and freedom are given to employee, can see in Uttarkand of Sri Ramacharitra Manas, Rama says to the entire kingdom persons that if I say anything which is wrong, brethren, are not afraid to correct me.

Jao Aniti kachu bhashoon bhai, tao mohi barjahu bhaya visraei (7.43.3 Uttarakand, Sri Ramcharitmanasa)

And other side the king of Lanka, Ravana is a highly learned and accomplished person. He neglects

the advice of nay-sayers; his wife Mandodari, brother Vibhishana, grandfather Malyavaan – all advice to return Sita to Rama. Instead, he chooses to listen to his courtiers who play on his ego and pride and advice him not to do so and suffered a lot. Tuldisas says in the Sundarakand of Ramacharitra Manas, when a minister, a physician and a religious preceptor (guru or teacher) – these three use pleasing words from fear or hope of rewards, the result is that dominion, health and faith- all the three for with go to the dogs.

Sachiv Vaid guru tini Ju, Priya Bolehi Bhaya Asa

Raja Dharama Tana Tini Karu Hoei Begihi Nasa (5.37 Sunderkanda, Sri Ramcharitmanasa)

Chanakya (Kautilya) has written in his book *Kautilya's Arthashastra* that every leader has to face some challenges to remain in the power.

"for the king there is revolt in the interior or in the outer regions" (8.2.2, Kautilya's Arthashastra)

The greatest danger for a king is revolt. This is what he has to be wary of and protect himself. For a business leader the revolt is from their internal and external customer in the organization. It means dissatisfied employees, shareholders and stakeholders, who are integral elements of the organization. There are also external threats from suppliers, customers, and clients. So every effort has to satisfy the integral element of the organization. For this Board has to understand the need of the market, remember existing client while making new one, solve the problem immediately, and take care of other issues too.

Kautilya discusses of how a king should use punishments, called the rod (danda/ punishment). If the king uses the rod effectively and fairly, then he will achieve the orderly maintenance of worldly life. The only way that a man might be kept pure and righteous was by the fear of danda. In the absence of a king or when people do not fear danda, the inevitable result is anarchy and stife (Manu Smriti or Law of Manu, 129)

"if the rod is not used at all, the stronger swallows the weak in the absence of the wielder of the rod" (1.4.13-14, Kautilya's Arthashastra)

It clearly indicates the importance of discipline and the art of punishment. The CEO or the board is the final authority in the matter of punishment. In case he is not disciplining his team from time to time, people will consider him as a poor leader and more important that in his absence, the law of jungle will take over and disturb the set up and structure of the organization and staff will take it as granted. But the board should not get into the mode of punishing for the sake of showcasing his power and position.

Leader has to control over his sense to remain in the top. For this Kautilya guides leaders about how to avoid one's downfall, as well as that of the organization He points out:

Control over the senses, which are motivated by training in the sciences, should be secured by giving up lust (kaam), anger (krodha), greed (lobha), pride (mana), arrogance (madha) and

over excitement (*harsha*) (1.6.1, *Kautilya Arthashastra*).

A leader's success depends on how he has control over his senses. If the king is energetic, his subjects will be equally energetic. If he is slack the subjects will also be lazy thereby, eating into his wealth. Besides, a lazy king will easily fall into the hands of the enemies, hence the king should himself be energetic, ancient Indian writers. Leader should always be an energetic and lead from the front and set an example in difficult situation.

4 Principles and guideline from Indian scriptures befitting for corporate governance

The Valmiki Ramayana, the Sri Ramacharitmanas, the Mahabharat, The Srimadbhagvada Gita, the Upanishada, the Manu Smriti (Law of Manu), the Vedas, Chanakya Neeti, all can serve as a useful reference book for good governance's model. With Rama Rajya (good governance) as a model for good governance, the Valmiki Ramayana and the Ramacharitmanas are a must read for practitioners of statecraft. The Ayodhya Kanda, the second chapter, contains comprehensive lessons on good governance. When Bharata, the younger brother of Rama, goes to meet the latter in the forest to request him to return to Ayodhya and rule, the two brothers enter into a long and instructive dialogue. Rama's words of advice to Bharata are as relevant today as they were in the Treta period, the time when Rama is believed to have lived. It is worthwhile to ponder over the thoughts and deeds of Rama rather than expend valuable time and energy fighting over his birthplace and whether a temple should be constructed there. For the benefit of present and future generations, Rama gave valuable tips to Bharata on good governance. We should focus on this aspect rather than on outward worship.

Mahabharata deals extensively on governance of kingdom, and aptly referred roles, responsibilities, and administrative structure. Shanti Parva of Mahabharata is all about Bhishma's advices to Yudhishtara (crown king) for founding and sustaining good governance. Bhishma's thoughts hold validity in context of modern management.

Srimad Bhagwad Gita tries to show how one can lead a normal life of duties and responsibilities and yet be in peace and contentment. One (member of board of the company) must develop one's third eye (*jayana chakshu*) – the type of wisdom, vision, insight and foresight. According to Vedas the Divine Law is the moral standards.

In order to say that corporate house follow corporate governance, they need to be truthful, transparent and righteous. For this purpose, their thought, speech and action have to be the same.

Tasmat yatpurusho manasabhi gacchati! Tad vaca vadati! Tad karmana karoti!
(*Taittiriya Aranyaka i-90*)

Business has to be done truthfully (*Vajasaneya Samhita iii –50*). Corporate governance is to take care of the wealth of organization as well as maximize the wealth of shareholders. The Vedas guide us to earn wealth only through deeds of glory (*Rig Veda Samhita vi-19-10*). They advise us to take care of our wealth as well as welfare.

Bhutyai nappramidavyam! Kusalanna pramidavyam! (Taittiriya Upanishad i-11)

The Vedas also inspire us to innovate and improve upon (*Rig Veda Samhita i-31-8*), and also to succeed in trade (*Atharva Veda Samhita iii-15*).

Corporate house need a mentor like Rama, Yudhishtira whose strengths are his value and beliefs. They stand for propriety but they are blinded by their code of honor. Yudhishtira candidly expresses his indifference to imperialism. Live in peace and allow the others to live in peace was his motto. (*Sabha Parva, Mahabharata*). Rama's endow equality in all i.e. Rama Rajya.

Kautilya says governance cannot be completed without acknowledging the contribution of the most celebrated scholar of ancient India, Kautilya and his Neeti Shastra discussions on administration and management

The Manu Smriti laid down a code of conduct which should be scrupulously observed by the kings which on all four s applies to every kind of political rulers and officers exercising governmental powers. They are:

Personal qualities to be acquired by the king:

The king must subdue his senses:

The king must shun the following vices:

Death preferable to vicious life (53- MANU VIII)

The king must guard himself against going astray (3-4, 5-9, Kautilya Arthashastra)

Apart from laying down the code of conduct, the king was also required to ensure that there was no arbitrariness in state action. In this aspect Kautilya declared that the welfare of the people was the king's chief concern.

The Vedas, which represent the storehouse of our ancient value systems, talk about the following key values as very important: (a) Satyam – Truth; (b) Tapah – Austerity; (c) Damah - Sense control; (d) Samah - Tranquility of mind; (e) Dharmah – Righteousness; (f) Danam – Charity; (g) Daya – Mercy; and (h) Nyasah – Renunciation.

Chanakya says in his book Chanakya Neeti

Save your wealth against future calamity. Do not say, "What fear has a rich man of calamity?" When riches begin to forsake one even the accumulated stock dwindles away (1.7 Chanakya Niti)

A person or organization of wealth can ride over the problems without much difficulty. But wealth or the money is not easy to hold on to. It does not like to stay at one place and manages to get spent. Even the protected money can get lost because it attracts attention of the unlawful element.

Do not stay for a single day where there are not these five persons: a wealthy man, a brahmana well versed in Vedic lore, a king, a river and a physician. (1-9 Chankya Niti)

arthasampat prakritisampadam karoti

prakritisampada hyanayksampi rajyam niyte (11-12 Chankaya Sutra)

The wealth and properties of state naturally increases the level of prosperity of the people. When the people and the functionaries of the state follows sound moral principles, the state can function effectively even without a king.

The Bhagavad Gita specifies twenty values in Chapter XIII (8 to 12), which are immensely relevant for any executives' in the modern day corporate context as well. All these are declared as knowledge:

Amanitvam – Humility; Adambhitvam – Pridelessness; Ahimsa - Non-violence; Kshanti – Tolerance; Arjavam – Simplicity; Acaryopasanam – approaching a bona fide spiritual master; Saucam - Cleanliness (internal and external); Sthairyam – Steadiness; Atma vinigraha – Self-control; Vairagyam – Renunciation of the objects of sense gratification; Anahankara -Absence of false ego; Janmamrityu jaravyadhi duhkha dosa anudarsanam – the perception of the evil of birth, death, old age and disease; Asakti – detachment; Anabhisvanga putradaraghadishu – freedom from entanglement with children, wife, home and the rest; Nityam samacittatvam istanistopapattishu – even-mindedness amid pleasant and unpleasant events; Mayi ca ananyayogena bhaktih avyabharini - constant and unalloyed devotion towards God; Vivikta desa sevityam – aspiring to live in a solitary place; Aratir janasamsadi - Detachment from the general mass of the people; Adhyatmajnana nityatvam - Understanding the importance of self-realisation; Tattvajananartha darsanam - Philosophical search for Absolute - all these Lord Krishna declares to be knowledge, and besides this whatever there may be is ignorance.

A critical factor in good governance is the quality of ministers. In Ayodhya Kand of Ramayana Rama asks Bharata whether he has appointed courageous, knowledgeable, strong-willed men with a high emotional quotient as his ministers, because quality advice is the key to effective governance. The emphasis is on competence and confidentiality. Rama's advice to Bharata (younger brother of Rama) is to take a decision on a complex issue neither unilaterally nor in consultation with too many people. There should be an efficient core group.

5 Conclusion

We can see how relevant and important aspects of corporate governance discover from Indian scriptures. In simple term, CG is body of process that entities to maximize the shareholders wealth to ensure work is done efficiently to deliver goods and services useful to society. Good corporate governance must result in

greater satisfaction for all the stake/shareholders. If Corporate board study and follow the messages given in the Valamiki Ramayana, the Sri Ramacharitmanas, the Mahabharata, the Srimadbhagvada Gita, the Upanishada, the Manu Smriti (Law of Manu), the Vedas, Chanakaya Neeti, Kautilya Arthashastra etc., they inter that the central issues is all about doing work (karma yoga) in the most efficient manner.

One side Ramayana provide the maximum happiness for the maximum number of people for the maximum period, based on the principles of dharma (righteousness) and moral values and other side the pace, grandeur, inscrutable genius of construction, its range and variety, its darkness and its heart – The Srimadbhagvada Gita brings a great learning not only to individuals but also to the corporate world. Corporate have must be govern through citation and practice mentioned in Indian scriptures.

Dharma (righteous) is that force which shapes and sustains human life. Manu identified ten dimensions of dharma like contentment, forgiveness, self-control, coercion of organs, wisdom, knowledge, truthfulness, abstention from anger, abstention from unrighteous appropriating anything, and purification. It is so much entwined with life that it follows an individual at death when everything else is left behind.

Although the principles of corporate governance have been an integral part of Indian culture and society, the way it has been formally adopted by firms in India reflects the natural dominance of contemporary western culture and thought over Indian perceptions and readings. Capacity, knowledge and resources towards dharma – maximization of stakeholder's value and well being and progress of humankind through truth – transparency, accountability and truthful disclosure of state of affairs are Indian own age old mantra of good corporate governance.

As Chanakya has given 7 pillars for business success, when the all 7 pillars are built into firm and strong sections can the organization shoulder any responsibility and face all challenges. And while building them organizations do not forget to imbibe that vital ingredient called "Value", speaking about which, the author of the book *Build to Last*, Jim Collins, has said, "Values are the roots from which an organization continuously gets its supply as well as grounding – build on them!" (Pillai, 2010).

Kautilya believes

Prajasukhe Sukham Raja, Prajacha Hite Hitam. (1.19.34, Kautilya Arthashastra)

In the happiness of the subjects' lies the benefit of the king and in what is beneficial to the subjects is his own benefit.

The following prayer incorporated in the Upanishads, discloses the lofty ideals evolved in our culture from ancient times:

May He (God) protect us both together; may He nourish us both together; may we work conjointly with great energy; may our study be vigorous and effective;

may we not hate anyone. Let there be peace, peace and peace.

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