



Corporate Governance - Learning's from an inspiring Indian epic - Ramayana

Introduction

Governance is needed in each and every field of human activity, be it any form of organization, business and corporate, defence, sports etc. It is not something that is developed recently; rather it has been practiced since the evolution of the concept of society. Need for governance exists anytime a group of people come together to accomplish an end. Though the governance literature proposes several definitions, most rest on three dimensions: authority, decision-making and accountability. The concept of "governance" is not new. It is as old as human civilization. Simply put "governance" means: the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance. In earlier days, kings used to administer and govern their kingdoms, since then the process of evolution of modern corporate governance theory has started with great scholars contributing to the knowledge base. The concept of corporate governance in every country has ancient connections, which has its base derived from the governance principles. In India there is a great deal of similarity in the governance structures of the ancient kingdoms and modern corporations. The ancient Indian ethos which has stood the test of time can help in building a sustainable model of corporate governance.

Corporate Governance: An overview

Corporate governance is most often viewed as both the structure and the relationships which determine corporate direction and performance. Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since

corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosures.

Corporate Governance is the interaction between various participants (shareholders, board of directors, and company's management) in shaping corporation's performance and the way it is proceeding towards. The relationship between the owners and the managers in an organization must be healthy and there should be no conflict between the two.

Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance 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, corporations and society. Corporate governance is not an abstract goal, but exists to serve corporate purposes by providing a structure within which stockholders, directors and management can pursue most effectively the objectives of the corporation.

Ramayana's tips for Corporate Governance

India can justifiably boast of a long history of culture, tradition and values. Scriptures of Indian origin are a treasure trove of nuggets of wisdom. These continue to be relevant in the current context and also find ready application in the field of business management and administration.

Ramayan, the saga of Rama's life written by Valmiki, is widely acclaimed as among the greatest of all Indian epics. The narrative is regarded as a veritable treatise on social sciences, offering lessons that transcend both time and space. Valmiki Ramayana has lessons in all aspects of human life. It

also has lessons in politics, economics, sociology, psychology, management, human values, and ethics and so on.

The epic tale of Ramayana has time and again been cited as a vast collection of values and learning's. Various situations from the Indian mythology's renowned tale offer lessons for the modern day executive to handle work and management related challenges.

Here are some of the areas where Ramayana inspires us and offers great wisdom in the realm of corporate governance.

Values and Ethics

Sticking to some core values which are steeped in righteousness eventually leads to success. The main protagonist, Rama, is depicted in Ramayana as an epitome of virtue. He is an ideal king, an ideal son and a pragmatic person. He sets high ethical standards in warfare and invariably sides with dharma, or righteousness. Sri Rama, who never deviated or deviates from the words he had and has given. He (Sri Rama) even mentioned to Sita (Aranya Kanda 2.1.6), "I have promised to protect the rishis (sages) of Dandaka forest, I can give up my life, even you O Sita, as well as Lakshmana, but I cannot swerve from my promise". (2.1.7 Yuddha Kand) Sri Rama also demonstrated this value when he accepted Vibheeshana, the brother of Ravana who came for protection.

Transparency, Integrity and Fairness

In Ramayana King Dasharatha, instead of using his powers of king, called all his ministers and asks their consent for giving the responsibility to his elder son Rama to rule Ayodhya for the benefit of the people as he has grown old and can't carry the burden of righteousness 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 want 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 (2.2.9, 2.2.10, Ayodhya Kand)

Good administration

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 (Ayodhya kand 2.3.41). The importance attached to personal discipline and farsightedness in matters of efficient administration will be evident from the shloka 2.3.41 – 2.3.45, Ayodhya kand, Valmiki Ramayana, wherein Dashratha advise Rama to 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 the indirect method – 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

Believe in people

Sri Rama had a complete trust and confidence that Hanuman will be successful in finding out whereabouts of Sita and Sri Rama) gave his ring to Hanuman to be handed to Sita. Ever since the day Hanuman met Sri Rama and Lakshmana on the slopes of Rishyamuka hill, Sri Rama had been greatly impressed by the wisdom of Hanuman. Sri Rama also had great confidence and trust in his army of vanaras (monkeys) and their ability to defeat Ravana's army and recover Sita. (2.3.47 Uttara kand). Good governance requires a very positive approach towards all people and belief in the innate ability and motivation of the people as there is an infinite potential in every person. In this Shlok, Rama says to the entire kingdom persons that if I say anything which is wrong, brethren, don't be afraid to correct me.

Control and vigilance

The management of any organization must develop an effective control and vigilance system tailored to its goals and resources. According to Sri Rama, the king (manager) once decides to do something should act quickly basing on the information gathered - kaccid artham vinishcitya laghu muulam mahaa udayam, kShipram aarabhase kartum na diirghayasi raaghava. (Ayodhya Kanda, 2.1.19). The king (manager) must have no mercy for the people engaged in wrong doing against the king (management) and the kingdom. Sri Rama has advised kings (managers) to eliminate such people who are cunning, conflict creators, highly ambitious and apt in politics and are engaged in plotting against the king or the manager -upaaya kushalam

vaidyam bhRitya samduuShaNe ratam; shuuram aishvarya kaamam ca yo na hanti sa vadhyate (Ayodhya Kanda, 2.1. 29).

Selection of Managers

Since the efficiency of the management depends upon the integrity and the working knowledge of the officers, Sri Rama was very particular about their selection and placement. But conversant as he was with human psychology, he was somewhat skeptic about the rationality of human behaviour when exposed to great temptation by virtue of their holding high offices. Therefore, he emphasised the need for setting up inspection machinery to keep a constant watch on them (Ayodhya Kanda, 2.1.15) – “I hope that ministers who are valiant like you, learned, masters of their senses of noble birth and skilled interpreting internal sentiments by external gesture, are assigned to you” (kaccid aatma samaaH shuuraaH shrutavanto jita indriyaaH, kuliinaaH ca ingitajnaaH ca kR itaaH te taata mantriNaH)

Decision making

Sri Rama has clearly stated that the decisions should not be taken alone. To encourage organizational democracy and to avoid the limitations like lack of information, discovering alternatives to the problem, choice of rational solutions, multi objective solutions generation and other organisational variables such as philosophy of the organisation, power structure, existence of informal power groups, etc. a collective decision-making process should be evolved. According to him even one wise, valiant sagacious and efficient minister alone can cause to secure a great prosperity to the king or to one who enjoys royal authority (Ayodhya Kanda, 2.1.28 – eko apy amaatyO medhaavii shuuro dakShO vicakShaNaH raajaanam raaja maatram vaa praapayen mahatiim shriyam. The decision-making group should consist of experienced and intelligent people with positive attitude.

The secrecy of the decisions taken and the information gathered are of vital importance for the king so he has advised to maintain secrecy in administration to the extent that it cannot be guessed from the outward activities and the behavior of the officials and the king “The source of victory for kings indeed comes from a concealed counsel by ministers, who are well-versed in political sciences and who can hide their thoughts within themselves.” (mantra vijaya muulam hi raajnaam bhavati raaghava susamvR ito mantra dharair amaatyaiH shastra kovidaiH , Ayodhya kand 2.1.16)

Welfare of the stakeholders

In Valmiki Ramayana, the idea of the welfare of the state and the subject, including the idea of happiness and prosperity, peace and bliss of the people has been explained very lucidly. The first and foremost duty (dharma) of the king is said to be the protection of people, their property and livelihood. kaccit te dayitaaH sarve kR iShi go rakSha jiivinaH, vaartaayaam samshritaH taata loko hi sukham edhate. teShaam gupti pariihaaraiH kaccit te bharaNam kR itam rakShyaa hi raajnaa dharmeNa sarve viShaya vaasinaH (Ayodhya Kanda, 2.1.47-48),

According to Sri Ram the fourteen vices which makes a leader ineffective are, lying, short tempered, fearful, laziness, licentious, autocratic, keeping unwise counselors, denouncing the wise and learned people, delayed action on earlier decisions, non-secrecy, taking action on all the opposition party at a time, to cease all public interest programs, immoral and capricious. The reference of ten important matters relating to the state craft have been mentioned in Ayodhya Kanda, 2.1.68–70 (dashapaMchachaturvargaan saptavargaM cha tattvataH, aSTavargam trivargaM cha vidyaastisrashcha raaghava. indndriyaaNaaM jayaM buddhyaM SaaDguNyaM daivamaanuSam, kR ityaM viMshativargaM cha tathaa prakR itimaNDalaM. yaatraadaNDavidhaanaM cha dviyonii saMdhivigrahaU, kachchhidetaan mahaapraajjNa yathaavadanumanyase)

Dealing with Competitors:

This is the stage where Ravana's minister Vibhishana advises Ravana about three ways to deal with powerful opponent seek peace with him or appease him with gifts or try to sow seeds of dissension among his forces. PramatteShv abhiyukteShu daivena prahateShu ca |Vikramaas taata sidhyanti pariikShya vidhinaa kR^itaaH ||Balaani aparimeyaani viiryaaNi ca nishaa caraaH |PareShaam sahasaa avaGYaa na kartavyaa katha.ncana (Ayodhya Kand 2.1.52). Moreover, Vibhishana also conscious Ravana about hanuman who has proved his greatness by Crossing Ocean. The basic intention is not to underestimate the competitor's strength, the management, counselors and advisors of the Company always renders advices which are in the best interest of the Company.

Be cautious of Yes-men!

Ravana is a highly learned and accomplished person. One of the reasons for his downfall is to neglect the advice of nay-sayers. His wife,

Mandodari, brother Vibheeshana and grandfather Malyavaan – all advise him to return Sita to Rama. Instead, he chooses to listen to his courtiers who play on his ego and pride and advise him not to do so. A couplet in *Sundara Kanda* of *Ramcharitmanasa* clearly advises us to ignore the advice of a paid deputy, a doctor and a teacher who speak positively out of either fear or expectation of a gain. A king who acts upon such motivated advice loses his kingdom, his body and his righteousness (dharma) as well. Sachiv Vaid guru tini Ju, Priya Bolehi Bhaya Asa Raja Dharama Tana Tini Karu Hoei Begihi Nasa (5.37 Sunderkanda.)

Fairness in dealings:

When Bharat meets Rama in forest (the famous 'Bharat Milap') Rama is in delicate situation. He has to advise his younger brother on being a good king where he said 'Ensure that the thief who has been caught, interrogated and proved to be is not let off by someone who is greedy for money'. kachchit te dayito sarve krshi go rakshy jeevinah| vaarta yaam sanshritaah taat loko hi sukham edhate| (2.1.71, Ayodhya kand) It is due responsibility of Top Managers of the organisation to take proper due diligence in case of any fraud or any kind of scams to declare anyone as culprit as the onus is on top managers that why they are declared as culprit and also to be given equal opportunity to be heard to the guilty person. Top Managers make sure that no innocent person should be blamed and punished in such matters as it will badly affect the reputation of the organisation.

Segregation of Duties:

Rama further guided his younger brother by saying that 'superior servants are assigned superior works only, mediocre servants in mediocre works and inferior servants in inferior works.' Kaccin mukhyā mahatsu ēva madhyamēṣu ca madhyamāḥ | jaghan'yāḥ ca jaghan'yēṣu bhṛtyāḥ karmasu yōjitāḥ (Ayodhya kand 2.1.82) .Segregation of work properly is equally important and it should be as per the level of management. A lower level management may be wise but can't take the decision of top level managers. If there is proper segregation of duties then this will help the organisation to achieve its mission successfully.

Maximum Benefit with Minimum Cost:

In Bharat Milap Rama makes understood to Bharat that he will launch an undertaking, which has maximum benefit with minimum coast and indeed do not delay it further. Kaccid artham viniścītya laghu mūlam mahā udayam | kṣīpam ārabhasē kartum na dīrghayasi rāghava. (Ayodhya kand 2.1.62) The organisation implementing such culture and policy of maximum benefits at minimum cost has longer sustainability and higher reputation. Moreover, it also attracts large number of investors, talented and creative employees and also a good consumer market. As cost is a main factor which can largely affects the profitability of the company.

Conclusion

India can justifiably boast of a long history of culture, tradition and values. Scriptures of Indian origin are a treasure trove of nuggets of wisdom. The Valmiki Ramayana is rich with several lessons on corporate governance.. It is important today, that instead of copying the western system or ideas in our business, we revisit our ancient treasures like Ramayana with an inquisitive mind to explore and evolve a structure of corporate governance relevant for India. The lessons from Ramayana are relevant even today and can be integrated into the modern context of corporate management towards realizing the ultimate aim of achieving progressively enhanced sustainable value for all the stakeholders.

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