

DHARMA-DRIVEN LEADERSHIP: INTEGRATING KARMA YOGA INTO MODERN CORPORATE GOVERNANCE FOR ORGANIZATIONAL SUSTAINABILITY AND EMPLOYEE WELL-BEING

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Abstract

Ethical scandals, environmental damage, and employee psychological degradation indicate a legitimacy problem in the business world. The prevailing governance systems, based on Agency Theory and shareholder primacy, use external supervision and contractual incentives to reduce managerial opportunism. However, "outside-in" procedures have failed to build the innate moral compass needed for sustainable stewardship, sometimes reducing ethics to a compliance checklist. This study proposes Dharma-Driven Leadership, which bases corporate governance on the Indian Knowledge Systems (IKS) and Karma Yoga, which promotes selflessness. Upper Echelons Theory (UET) and Micro-foundations of Corporate Social Responsibility (CSR) are used in this study to fill the "level of analysis" gap in past research. We use this theoretical framework to link spirituality to organisation. Symbiotic Empirical Ethics underpins this study's multi-dimensional case investigations of four major Indian conglomerates: Tata Group, Infosys, TVS Motor Company, and Godrej Group. Trust-based ownership, family constitutions, and comprehensive equity plans combine Kartavya (obligation), Nishkama (detachment), and Samatva (equanimity) into governance frameworks, as shown in this study. We reconstruct the Karma-Yoga Organisational Index (KY-OI) and validate it against Kaptein's Corporate Ethical Virtues (CEV) scale to measure Dharmic governance. The results show that Dharma-guided leadership may implement "Inside-Out" governance and reposition the business as a champion of common resources.

Keywords: Dharma-Driven Leadership, Karma Yoga, Upper Echelons Theory, Corporate Governance, Symbiotic Empirical Ethics

1. Introduction

The corporation of the twenty-first century functions within a pronounced paradox. Globalisation and technological acceleration have facilitated an unparalleled level of value

creation and market expansion. Conversely, the corporate institution is confronted with a growing crisis pertaining to trust and significance. This crisis transcends financial dimensions, manifesting as an existential challenge. This is

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evidenced by the increasing prevalence of corporate fraud, the rapid progression of ecological overshoot, and a significant disengagement among the workforces. The occurrence of "quiet quitting," which is defined by employees' adherence to their job descriptions without a corresponding psychological commitment, in conjunction with increasing rates of burnout, indicates a significant disruption in the conventional psychological contract that exists between the organisation and the individual employee.

The prevailing theoretical framework for understanding corporate governance is Agency Theory, as articulated by Jensen and Meckling in 1976. This theory conceptualises the firm as a complex network of contractual relationships between self-interested principals, namely shareholders, and agents, specifically managers. This model posits the existence of homo economicus, characterised as rational agents motivated by self-interest, who may neglect responsibilities or appropriate resources unless regulated by oversight systems. As a result, contemporary governance has developed into a multifaceted system of external regulations, encompassing independent boards, compensation committees, and stock-based incentives aimed at aligning financial interests.

Although these mechanisms have contributed to the standardisation of financial reporting, they have, perhaps unintentionally, legitimised a form of instrumental rationality in which ethical considerations are placed subordinate to the objective of profit maximisation. Sustainability and Corporate Social Responsibility (CSR) are

often positioned as secondary, compliance-driven activities, perceived as mere formalities rather than integral components of strategic planning. The repeated failures observed in highly regulated firms, such as Enron, WorldCom, and those involved in the 2008 financial crisis, illustrate that external compliance mechanisms are insufficient to replace the necessity of internal ethical character. The data indicates that dependence on external incentives frequently diminishes intrinsic motivation, resulting in a cultural shift where adherence to legal standards supersedes ethical considerations.

In light of these systemic deficiencies, the field of management scholarship is progressively exploring non-Western philosophical traditions as potential alternative frameworks for governance. The Indian Knowledge Systems (IKS), with a particular emphasis on the doctrine of Karma Yoga as articulated in the Bhagavad Gita, provides a nuanced psychological framework for leadership. This framework effectively separates the concept of effort from the anxiety associated with outcomes, referred to as Phala-trishna. Karma Yoga promotes the concept of Nishkama Karma, which refers to actions undertaken as a duty (Svadharmā) devoid of attachment to personal rewards. This philosophical perspective posits that the sustainable enterprise transcends the traditional notion of a profit-maximizing entity, instead functioning as a social institution intricately woven into a network of moral responsibilities (Dharma).

Nonetheless, the incorporation of Karma Yoga within the domain of management science has

been impeded by a notable theoretical deficiency. Critics and reviewers have accurately identified a discrepancy in the level of analysis: Karma Yoga is conceptualised as an individual-level phenomenological construct, reflecting an internal state of mind, while corporate governance is framed as an organizational-level construct, encompassing bylaws, board structures, and voting rights. Previous studies have frequently depended on metaphorical assertions, positing that a "Karma Yogi leader" inherently fosters a positive organisational environment, yet failing to elucidate the underlying mechanisms that facilitate this transformation. The existing literature reveals a significant gap in comprehensive studies that examine the correlation between a leader's internal spiritual detachment and its manifestation in concrete governance artefacts, such as compensation policies, disclosure norms, and protections for minority shareholders.

2. Research Objectives

This study seeks to address the existing micro-macro divide through the development of a validated Integrated Dharma-Governance Model. This research endeavours to integrate historical insights with contemporary organisational frameworks, aiming to achieve three distinct objectives:

- This study aims to establish a theoretical connection between individual spiritual ethics and organisational governance through the application of Upper Echelons Theory.
- This study aims to conduct an empirical analysis of the institutionalisation of

Dharma within Indian conglomerates, utilising a forensic approach to examine governance crises.

- The objective of this study is to validate the Karma-Yoga Organisational Index (KY-OI) through the mapping of spiritual dimensions onto recognised ethical governance scales.

3. Literature Review: Bridging the Micro-Macro Divide

In order to develop a comprehensive theoretical framework, it is essential to explore the convergence of Western organisational theory and Indian spiritual philosophy. This analysis delineates the constraints inherent in existing models and constructs the theoretical framework for governance informed by Dharma principles.

3.1 The Limits of Agency and Stewardship

Agency Theory continues to dominate the discourse within the field of governance literature. This perspective is founded on a fundamentally pessimistic interpretation of human nature, positing that managers operate as opportunistic agents whose actions necessitate regulation and oversight. The proliferation of stock options has emerged as a mechanism intended to "align" interests; however, this practice has been critiqued by scholars for its potential to exacerbate short-termism and income inequality. Stewardship Theory presents a counterargument by positing that managers may be driven by pro-social and organisational objectives. However, it frequently falls short in providing a comprehensive psychological rationale for the preference of stewardship over self-interest when confronted with temptation. The analysis delineates the observed behaviour;

however, it fails to provide a comprehensive elucidation of the antecedent moral identity necessary for its sustenance.

3.2 Karma Yoga: The Psychological Micro-Foundation

The concept of Karma Yoga offers a critical psychological framework that underpins the principles of Stewardship. The conceptual framework established by Mulla and Krishnan (2006, 2014) delineates Karma Yoga as a construct that is separate from the broader categories of "ethics" or "altruism." The framework consists of three distinct dimensions that have been validated through the application of psychometric scales.

3.2.1 Duty Orientation (*Kartavya*)

An intrinsic sense of duty towards the responsibilities associated with the role and its stakeholders, which exists independently of individual preferences or external incentives. This perspective is consistent with deontological ethics; however, it is fundamentally grounded in the metaphysical notion of *Rna* (debt to society/ancestors), which pertains to the obligations owed to society and ancestors. A leader possessing a profound sense of *Kartavya* perceives their role not merely as a progression in their career trajectory, but rather as a fiduciary responsibility entrusted to them.

3.2.2 Indifference to Rewards (*Nishkama*)

This phenomenon can be characterised as the cognitive separation of exertion from the apprehension associated with the outcome. This does not suggest an absence of strategic planning; instead, it serves to alleviate the phenomenon of "hyper-motivation," characterised by an

excessive fixation on a specific objective (such as stock price), which may result in the adoption of unethical practices. Empirical studies suggest that the concept of *Nishkama* is associated with an enhancement in the quality of work produced, as the individual engages more deeply with the process itself, rather than being preoccupied with the potential for failure.

2.2.3 Equanimity (*Samatva*)

The role of emotional stability in the context of both success and failure is a significant area of inquiry. Leaders embodying the principles of *Samatva* exhibit resilience by avoiding the pitfalls of hubris during periods of success and despondency in times of failure, thereby facilitating a governance approach characterised by consistency and a non-reactive disposition.

3.3 The Bridging Mechanism: Upper Echelons Theory (UET)

In addressing the critique pertaining to the "level of analysis," we draw upon Upper Echelons Theory (UET) as a foundational framework. The Unifying Economic Theory posits that complex decision-making processes are more aligned with behavioural plausibility than with economic optimisation. This assertion highlights the significant impact of leaders' "bounded rationality," which encompasses their values, experiences, and personalities on the decision-making outcomes.

3.3.1 The Isomorphism of Values

The Uncertainty-Event Theory posits that a leader's cognitive framework serves as a filter for their environmental perceptions. The cognitive framework of a CEO characterised by the principles of a Karma Yogi, which emphasises a

strong sense of duty coupled with minimal attachment to rewards, will inherently influence the selection of strategies and organisational structures that align with these values. For instance, a leader who maintains a degree of detachment is less inclined to adopt aggressive stock-option strategies that promote short-term volatility.

3.3.2 Micro-foundations of CSR

Recent literature concerning the micro-foundations of corporate social responsibility (CSR) provides substantial reinforcement for this assertion. Empirical studies indicate that macro-level sustainability performance is significantly influenced by the CEO's moral identity and ideological perspective. Executives who interpret their role through the lens of fair market ideology, as opposed to that of moral responsibility, yield markedly different outcomes in CSR initiatives. Consequently, Karma Yoga transcends the realm of individual morality, positioning itself as a significant precursor within a broader strategic framework.

3.4 Institutional Theory and Legitimacy

Ultimately, Institutional Theory elucidates the mechanisms through which these values become ingrained within organisational structures and practices. Organisations implement various practices to acquire legitimacy within their respective fields. In the context of India, the invocation of Dharma, or the concept of "nation-building," serves to confer cultural legitimacy. Over time, these values are subject to a process of institutionalisation, becoming embedded within bylaws and codes, thereby operating autonomously from the initial leader. The process

of institutionalisation serves to convert individual Karma into organisational Dharma.

4. Research Methodology

Considering that Dharma functions as both a normative ideal and a practical reality within the context of Indian business, it becomes evident that a strictly positivist approach is inadequate. This study adopts a Normative-Analytical Methodology, with a specific focus on the application of Symbiotic Empirical Ethics.

4.1 Research Design: Symbiotic Empirical Ethics

Frith (2012) introduced Symbiotic Empirical Ethics as a comprehensive methodology applicable to both bioethics and business ethics, which fundamentally challenges the dichotomy between "facts" (what is) and "values" (what ought to be). The process in question is characterised by its recursive nature.

- Normative Reconstruction: This paper explores the derivation of normative principles from the philosophy of Karma Yoga, specifically examining the assertion that corporations should function as trustees.
- Empirical Investigation: This study conducts an examination of the concept of "is" through in-depth case analyses of organisations that assert adherence to these values.
- Symbiotic Synthesis: The application of empirical data serves to enhance the normative theory, exemplified by enquiries such as "What mechanisms govern trusteeship within publicly traded firms?" Furthermore, this theoretical framework can

be employed to evaluate and critique existing practices in the field.

This methodology enables the examination of the Bhagavad Gita not solely as a religious text, but as a legitimate theoretical framework for the analysis of empirical governance data.

4.2 Case Selection and Data Sources

The present study utilised Theoretical Sampling to identify four organisations characterised as "polar types": Tata Group, Infosys, TVS Motor Company, and Godrej Group. The selection of these firms is predicated on their explicit articulation of values-based governance models that diverge from conventional shareholder primacy, thereby offering a substantial context for the observation of Dharma in practice.

The strategy employed for data triangulation involved the integration of information from three separate sources to enhance both the validity and depth of the findings.

- **Primary Governance Artifacts:** The documents under consideration include Annual Reports spanning the years 2015 to 2025, Business Responsibility and Sustainability Reports (BRSR), Codes of Conduct, and Whistleblower Policies.
- **Legal & Forensic Documents:** This document examines the judgements rendered by the National Company Law Appellate Tribunal (NCLAT) and the Supreme Court concerning the Tata-Mistry dispute, focussing on the legal arguments presented regarding the concepts of "stewardship" and "oppression." Additionally, it includes summaries of the investigation report conducted by Gibson Dunn pertaining to

Infosys.

➤ **Academic & Psychometric Literature:**

This study utilises validated scales for assessing Karma Yoga, as developed by Mulla and Krishnan, alongside the Corporate Ethical Virtues scale established by Kaptein.

4.3 Analytical Procedure

This study employed Pattern Matching to analyse the empirical actions of the firms in relation to the theoretical predictions posited by Karma Yoga. This study specifically examines "Governance Crises" within the framework of stress tests. The authentic values of an organisation are not disclosed through its corporate social responsibility publications, but rather through its management of conflict situations, such as the dismissal of a Chairman or the treatment of a whistleblower. This study examines the mechanism of resolution, its alignment with Dharma, and the resultant outcomes for stakeholders.

5. Case Study Analysis: Operationalizing Dharma in Governance

This section analyses the way abstract spiritual principles are embedded within the foundational elements of the organisation, including its bylaws, ownership structures, and protocols for crisis management.

5.1 The Tata Group: Trusteeship, Lokasangraha, and Dharma-Driven Corporate Governance

The Tata Group exemplifies a unique and enlightening case of the integration of Lokasangraha—the welfare of the world—into a contemporary corporate framework. In contrast to

the prevailing shareholder-primacy model that is entrenched in Western economic thought, the Tata Group functions within a governance framework that emphasises trusteeship, duty, and a commitment to long-term societal obligations. This case study analyses the operational dynamics of a Dharmic framework in the context of significant organisational stress, specifically focussing on the leadership crisis associated with the removal of Cyrus Mistry from 2016 to 2021.

5.1.1 Capital as Trust: A Dharmic Governance Architecture

The fundamental structure of Tata governance is anchored by its holding entity, Tata Sons, of which roughly 66% is held by philanthropic organisations, specifically the Sir Dorabji Tata Trust and the Sir Ratan Tata Trust. The Trusts are mandated by law to allocate dividends solely for public objectives, including education, healthcare, scientific progress, and rural development. This ownership structure reconfigures capital from a private resource into an ethical tool, harmonising corporate surplus with societal responsibility.

From a Dharmic perspective, this framework implements the principle that wealth (*artha*) should be regulated by *dharma*. The Trusts, functioning as the primary entities within the agency relationship, prioritise the preservation of institutional values and the advancement of social welfare over personal gain. As a result, directors function not solely as representatives of profit maximisation but also as stewards of organisational purpose. This reconfiguration aligns with the principles of Karma Yoga, in which actions are undertaken as a duty, devoid of

attachment to personal benefit or immediate results.

5.1.2 The Tata–Mistry Episode: Dharma versus Efficiency Rationalism

The dismissal of Cyrus Mistry from his position as Executive Chairman on 24 October 2016 represented a significant event in the empirical evaluation of this governance philosophy. Mistry, acting on behalf of the Shapoorji Pallonji Group, which possessed around 18.37% of Tata Sons' equity, asserted claims of oppression and undue interference by directors appointed by the Trust.

Mistry's governance strategy exemplified a traditional Western agency-theoretic model, highlighting the importance of board independence, financial efficiency, and the divestiture of underperforming assets, including Tata Steel Europe and the Nano project. The evaluation of performance metrics, including return on capital employed and shareholder value, was regarded as essential criteria for decision-making processes.

In contrast, the Tata Trusts, guided by Ratan Tata, presented a distinctly alternative rationale. Certain business units were perceived not merely as economic entities but as institutional commitments to employees, regional economies, and national development. From this perspective, the assessment of divestment decisions cannot be confined solely to financial efficiency; rather, it is imperative to consider the social ramifications and legacy responsibilities associated with such actions. The implementation of governance mechanisms was conceptualised as a duty, rather than as an exercise of control for its own sake.

5.1.3 Structural Trusteeship and the Articles of Association

The governance dispute focused on particular clauses within the Articles of Association of Tata Sons, which encapsulate the trusteeship responsibilities of the Trusts.

Article 75 permits the company, via a special resolution, to mandate the transfer of shares. This provision, while described as oppressive by minority shareholders, has been in place since the incorporation of Tata Sons in 1917. The SP Group obtained its stake in 1965, fully aware of this clause, which suggests a purposeful institutional framework aimed at maintaining the Trust-based nature of ownership.

Article 121 confers affirmative voting rights to directors nominated by the Trust on significant strategic issues, thereby ensuring that corporate decisions are consistent with the ethical and philanthropic objectives of the Trusts.

Article 118 delineates a systematic procedure for the appointment and removal of the Chairman, which constitutes a component of the procedural critique presented in the context of the dispute.

The provisions collectively illustrate a governance framework in which control mechanisms are essential rather than peripheral to the preservation of Dharmic continuity within the corporation.

5.1.4 Judicial Affirmation of Trusteeship

The dispute reached its apex with the Supreme Court ruling in *Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd.*, which reversed the decision of the National Company Law Appellate Tribunal and affirmed the governance structure of Tata Sons.

The Court determined that Article 75 does not possess inherent oppressive qualities and that hypothetical future misuse cannot be deemed as legal oppression in accordance with Section 241 of the Companies Act. The findings further substantiated the affirmative voting rights of Trust nominees, dismissing the concept that Tata Sons operated as a quasi-partnership between the Tata Trusts and the SP Group. The Court notably noted that the mere removal of a Chairman does not, in itself, warrant intervention based on the “just and equitable” criterion.

The judgement, while articulated through legal reasoning, implicitly acknowledged trusteeship-based stewardship as a valid approach to corporate governance. Ethical continuity and institutional purpose were recognised as legitimate justifications for intervention at the board level, even in instances where such intervention limited managerial autonomy.

5.2 Infosys: Transparency as a Spiritual Discipline

The Tata case exemplifies the concept of Dharma through the mechanisms of structural trusteeship and control, whereas Infosys presents a complementary, yet distinct empirical illustration of Dharma manifested through Satya (truthfulness) and radical transparency within the framework of corporate governance. Established by N. R. Narayana Murthy, Infosys has embedded ethical conduct not only as a matter of compliance but as a fundamental principle that underpins the legitimacy of the organisation. The governance crisis of 2017, which revolved around allegations against the then CEO Vishal Sikka, presents a significant case for analysing the operational

dynamics of Dharma as a hypernorm—a moral boundary that transcends mere legal adequacy.

5.2.1 Governance Architecture: Satya and Radical Disclosure

Infosys was one of the pioneering Indian corporations to proactively embrace governance standards that surpass domestic regulatory requirements. The firm achieved a significant milestone by becoming the inaugural Indian company to be listed on NASDAQ, thus adhering to the rigorous standards set forth by U.S. Generally Accepted Accounting Principles (GAAP). Prior to the widespread implementation of disclosure mandates in India, Infosys adhered to the principle of “when in doubt, disclose,” integrating Satya as an operational standard rather than merely a symbolic value.

This commitment encompassed not only financial transparency but also distributive fairness, as evidenced by the implementation of comprehensive Employee Stock Ownership Plans (ESOPs). Through the facilitation of participation in wealth creation among employees at various hierarchical levels, including non-managerial staff, Infosys aimed to institutionalise the principle of Samabhav (equity) in economic outcomes. In this framework, governance was fundamentally linked to ethical responsibility towards both investors and employees.

5.2.2 The 2017 Governance Crisis: Allegations and Ethical Disquiet

In 2017, Infosys encountered a significant reputational challenge subsequent to whistleblower allegations related to its acquisition of Panaya, an Israeli automation company, for an estimated USD 200 million. The assertions

encompassed allegations of conflicts of interest, insufficient board approvals, and the possibility of kickbacks directed towards the CEO. Further scrutiny was directed towards the substantial severance payments allocated to a departing Chief Financial Officer, which critics characterised as misaligned with Infosys's established ethos of restrained executive remuneration.

For the founders, especially Narayana Murthy, these matters were perceived not merely as procedural anomalies but as significant ethical transgressions. The provision of excessive severance packages has been contended to contravene the principle of Samabhav, particularly in a scenario where junior employees are afforded only modest increments. Consequently, the dispute transcended corporate decision-making and entered the domain of moral legitimacy.

5.2.3 Mechanism of Verification: Forensic Truth-Seeking

In light of the allegations, the Audit Committee of Infosys engaged the international law firm Gibson, Dunn & Crutcher to carry out an independent forensic investigation. This investigation was not merely an internal or symbolic assessment; rather, it constituted a thorough external inquiry aimed at ascertaining factual accuracy. The study was characterised by remarkable depth and detail where interviews were conducted with over 50 witnesses spanning various jurisdictions, extensive examination of numerous internal emails and their corresponding attachments. It also involved forensic accounting specialists to examine financial and technical documentation and Analysis of previous research

documents compiled by Cyril Amarchand Mangaldas.

5.2.4 Findings and the Limits of Legal Clearance

In June 2017, the report by Gibson Dunn determined that there was a complete absence of evidence indicating any wrongdoing. The study revealed that there were absence of evidence indicating the occurrence of kickbacks or personal enrichment and that be no engagement in unsuitable contracting practices or the presence of conflicts of interest. There shall be no excessive remuneration or inappropriate utilisation of corporate assets.

From a legal and compliance perspective, the matter stood conclusively resolved. However, this outcome did not restore organisational equilibrium.

5.2.5 Dharma as Hypernorm: When Legality Is Not Enough

Notwithstanding the clear legal conclusions, Narayana Murthy articulated the position that the release of a summary report was inadequate, asserting that comprehensive transparency was ethically imperative to safeguard the legacy of Infosys. This assertion underscores a fundamental principle of governance: within a Dharma-oriented organisation, compliance with legal standards represents the baseline expectation rather than the upper limit of normative behaviour.

The ongoing ethical examination fostered a context wherein Vishal Sikka's leadership appeared to lack moral authority, despite the lack of substantiated wrongdoing. Sikka ultimately resigned, illustrating that within the governance culture of Infosys, the perception of ethical

deviation may carry consequences comparable to those of an actual violation. The subsequent appointment of Nandan Nilekani as Chairman represents a deliberate initiative to realign the organisation with its foundational value system.

5.3 TVS Motor Company: Excellence as Yoga

The Tata case illustrates the structural aspects of Dharmic governance, while the Infosys case emphasises Dharma as a moral hypernorm. In contrast, the TVS Motor Company presents significant empirical evidence regarding the processual dimension of Dharma, particularly in the implementation of Karma Yoga and humanistic management during times of severe economic strain. Throughout three significant economic disruptions—the early-2000s market turbulence, the 2008 Global Financial Crisis, and the 2020 COVID-19 pandemic—TVS maintained a steadfast commitment to a “no-layoff” policy. This approach underscores a governance framework that emphasises human dignity, process integrity, and collective sacrifice rather than prioritising immediate cost efficiency.

5.3.1 Governance Philosophy: Yoga Karmasu Kaushalam

TVS Motor has consistently defined quality not just as a technical or statistical goal, but as a rigorous ethical standard. The organisation achieved a significant milestone in 2002 by becoming the inaugural two-wheeler manufacturer worldwide to be awarded the Deming Prize, indicative of a profound integration of Total Quality Management (TQM) principles within its operational framework. At TVS, Total Quality Management is explicitly aligned with the principle articulated in the

Bhagavad Gita, which emphasises excellence in action.

This philosophical perspective reconceptualises work as a disciplined practice, emphasising the integrity of the process over a preoccupation with outcomes. Utilising frameworks like Daily Work Management (DWM) and continuous improvement methodologies (Kaizen), operational routines take on a nearly ritualistic quality, aligning with the principles of Karma Yoga, which emphasises mindful engagement devoid of immediate gratification.

5.3.2 The 2001–2003 Turbulence: Independence Without Retrenchment

After its separation from Suzuki in 2001, TVS Motor underwent a significant transformation, shifting from a joint-venture partner to an independent manufacturer. This era was characterised by product failures, technological ambiguity, and the pressing necessity to cultivate domestic research and development capabilities in the context of a wider economic downturn. Traditional agency theory would suggest that workforce optimisation is likely to occur in contexts characterised by limited resources.

TVS pursued an alternative trajectory. In the face of financial constraints, the organisation maintained its personnel and reallocated resources to enhance process capabilities and quality management systems. This strategic decision resulted in TVS achieving the distinction of being the inaugural two-wheeler manufacturer to receive the Deming Prize in 2002. This episode provides empirical support for a resource-allocation strategy rooted in Dharmic principles, emphasising the importance of process mastery

(Yoga) rather than resorting to cost-cutting measures such as layoffs, even in times of increased vulnerability.

5.3.3 The 2008 Global Financial Crisis: Voluntary Shared Sacrifice

The global financial crisis of 2008–09 led to a significant decline of approximately 20% in the sales of two-wheelers by TVS Motor, accompanied by a contraction in liquidity and a decrease in consumer demand. In contrast to the widespread layoffs implemented by global automotive companies, TVS embraced a notably humanistic strategy.

Management initially put forth a proposal for a temporary 5% reduction in wages as a strategy to address cash flow constraints. In a remarkable demonstration of mutual trust, employee unions and staff presented a counter-proposal for more substantial wage reductions—up to 15%—contingent upon the assurance that no positions would be eliminated. The organisation acknowledged this collective sacrifice. No workforce reductions took place, salaries were reinstated following the return of stability, and the organisation navigated the economic downturn without a decline in employee morale.

This episode presents empirical findings indicating that moral capital operates as a financial buffer. The accumulation of trust through consistent ethical conduct facilitated the internalisation of organisational survival as a collective responsibility among employees.

5.3.4 The 2020 COVID-19 Pandemic: Samatva and Antyodaya in Practice

The COVID-19 crisis serves as a detailed example of TVS's Dharmic governance in

practice. Subsequent to the implementation of the nationwide lockdown in March 2020, production ceased completely, leading to a total absence of domestic sales in April. During a period when numerous companies activated force majeure clauses and ended employment agreements, TVS made a public commitment to ensure “no job loss” and “no salary loss” throughout the initial phase of the lockdown.

In response to the prolonged crisis and escalating liquidity pressures, TVS implemented a structured and progressive salary reduction scheme during the period from May to October 2020. The structure of this scheme demonstrates the implementation of principles such as equity and the safeguarding of the most vulnerable populations.

- Labourers on the factory floor: no reduction observed
- Reduction of 5% for junior executives
- Reduction in senior management: 15–20%
- Executive leadership (CEO/MD): A reduction of 20% has been observed.

The observed asymmetry holds analytical significance. Individuals exhibiting the highest levels of economic resilience experienced the most significant burdens, whereas those in the most vulnerable positions remained completely shielded from income loss. This contrasts with the flat wage reductions or layoffs that were prevalent throughout the manufacturing sector during the corresponding timeframe.

The implementation of the policy resulted in measurable advantages. Following the relaxation of restrictions in mid-2020, TVS promptly increased its production capacity, effectively

circumventing the labour shortages that impacted its competitors as a result of the displacement of migrant workers. By July 2020, production returned to a state of normalcy, and growth was re-established.

5.4 Godrej Group: Ecological Dharma

The Godrej Group serves as a notable case study in the application of Environmental Dharma, as evidenced by its implementation of the "Good & Green" strategy.

5.4.1 The Governance Mechanism: Stewardship of Land

- **Mangrove Preservation:** The Godrej Group possesses approximately 3,500 acres of land located in Vikhroli, Mumbai. A considerable fraction is comprised of mangrove forests. In an urban environment characterised by some of the most elevated real estate valuations globally, the development of this land has the potential to generate substantial financial returns, estimated in the billions (Artha). Nonetheless, the Godrej family has officially designated these mangroves as a "green lung" for the urban environment.
- **Family Constitution:** In order to guarantee the continuity of this value system across generational transitions, Godrej established a Family Constitution. This document serves as a foundational text, delineating the distinction between ownership and management while clearly articulating the family's responsibilities as trustees of both the institution and the surrounding environment.
- **Governance Insight:** This decision

exemplifies the prioritisation of global welfare, as conceptualised by the principle of Lokasangraha, in contrast to the traditional focus on maximising shareholder value. This approach broadens the conceptualisation of "fiduciary duty" to encompass ecological stakeholders, thereby advancing the organisation towards a model characterised by a "Net Positive" impact.

6. Theoretical Synthesis: The Karma-Yoga Organizational Index (KY-OI)

A significant critique of spiritual leadership theories pertains to their inherent lack of measurability. In response to the critique

regarding the absence of a solid foundation for the "KY-OI framework," we undertake a reconstruction of the index by developing a comprehensive psychometric and theoretical basis. This study delineates the validated dimensions of Karma Yoga as articulated by Mulla and Krishnan (2014) and juxtaposes them with the established Corporate Ethical Virtues (CEV) scale proposed by Kaptein (2008). The outcome of this analysis is the formulation of a composite index that effectively translates spiritual values into quantifiable governance indicators.

6.1 Theoretical Derivation of the Index

Table 1: Mapping Individual Karma Yoga to Organizational Governance

Karma Yoga Dimension (Mulla & Krishnan)	Organizational Translation (Kaptein's CEV)	Governance Mechanism & Measurement Proxy
Duty Orientation (Kartavya) <i>Action driven by obligation to role/moral duty.</i>	Clarity & Supportability <i>Clear ethical standards and structural support for duty.</i>	Trustee Structure: 1. The percentage of promoter ownership within philanthropic trusts. 2. The presence of a Family Constitution or Stewardship Code. 3. Disclosure Transparency Score: An Examination of Environmental, Social, and Governance Factors Beyond Compliance.
Indifference to Rewards (Nishkama) <i>Detachment from fruits; Process focus.</i>	Feasibility & Visibility <i>Resources to act ethically; Decoupling pressure from outcomes.</i>	Equity Structure: 1. CEO-to-Median Pay Ratio (Lower indicates detachment). 2. Long-term vesting periods (>5 years) to discourage short-termism. 3. Broad-based ESOP coverage (Wealth sharing).
Equanimity (Samatva) <i>Mental stability in success/failure.</i>	Discussability & Sanctionability <i>Openness to error; Consistent justice.</i>	Resilience Structure: 1. Whistleblower Anonymity & Usage Rates. 2. Low "Earnings Management" (Discretionary Accruals). 3. "Stay Interviews" & Turnover stability.

Source: Author's compilation

6.2 The Three Pillars of KY-OI

The derivation presented herein supports the proposition of the KY-OI as a weighted composite index, which is comprised of three foundational pillars.

6.2.1 Pillar 1: The Trustee Framework (Weight: 35%)

This dimension evaluates the degree to which the organisation is organised as a Trust in contrast to functioning primarily as a profit-generating entity.

- **Metric:** Trust Ownership Percentage. Evidence from Tata, which exhibits a 66% ownership stake, and Godrej, with a 23% ownership stake, suggests that high levels of trust in ownership serve to reinforce and secure social purpose initiatives.
- **Metric:** Governance Beyond Compliance. This inquiry examines whether the firm engages in the voluntary adoption of standards prior to the imposition of regulatory measures. For instance, the case of Infosys in relation to Generally Accepted Accounting Principles (GAAP) illustrates pertinent considerations. This observation encapsulates the concept of Kartavya, which emphasises the performance of duty based on moral obligation rather than mere compliance with requirements.

6.2.2 Pillar 2: The Equity Framework (Weight: 35%)

This pillar serves as a metric for assessing Nishkama, which denotes a state of detachment from greed, as well as Samabhav, which signifies the principle of equality.

- **Metric:** The CEO-to-Median Worker Pay Ratio. In the year 2024, Indian enterprises exhibited an increasing disparity, exemplified by a ratio of 600:1. A Dharmic organisation would engage in proactive management of this ratio to signify the concept of "shared fruits."
- **Metric:** Variable Pay Aggression. The implementation of substantial variable compensation contingent upon quarterly performance metrics has been observed to foster Phala-trishna, characterised by an excessive desire for rewards, which may subsequently lead to unethical conduct among individuals. A Dharmic framework underscores the significance of elevated base compensation alongside enduring incentive mechanisms.

6.2.3 Pillar 3: The Lokasangraha Framework (Weight: 30%)

This pillar evaluates the results of governance in relation to global welfare.

- **Metric:** Net Positive Impact. The transition from a state of "Net Zero," characterised by neutrality, to a paradigm of "Net Positive," which emphasises restoration, represents a significant shift in environmental sustainability discourse. For instance, the initiative "Good & Green" by Godrej aims to achieve water positivity and promote the conservation of mangrove ecosystems.
- **Metric:** Product Dharma. The proportion of revenue generated from products designed to address societal issues (Antyodaya) as opposed to those aimed at generating new consumer desires.

By situating the KY-OI within the framework of the Corporate Ethical Virtues (CEV) scale, a construct that has undergone validation across diverse cultural and industrial contexts, we establish the "sound basis" that has been sought. The psychological characteristics inherent in leadership, as conceptualised within the framework of Karma Yoga, are expressed through the ethical virtues that define the organisation, referred to as CEV. These virtues are subsequently assessed utilising the proxies associated with KY-OI. This multilevel approach fulfils the stringent criteria established for empirical management research.

7. Implications for Corporate Governance

7.1 The "Inside-Out" Governance Model

Standard governance theory operates on a "Outside-In" framework, wherein external regulations, such as the Sarbanes-Oxley Act and the Companies Act of 2013, are implemented to regulate and constrain behaviour from an external standpoint. The examination of TVS and Tata indicates the presence of a "Inside-Out" Governance Model. The presence of an internal culture grounded in principles of Yoga, which emphasises discipline and excellence, alongside Kartavya, denoting a sense of duty, leads to a reduction in external monitoring costs. This phenomenon occurs as agents engage in self-policing behaviours, thereby diminishing the need for external oversight. Trust functions as an alternative to intricate contractual agreements, thereby diminishing transaction costs and improving organisational flexibility.

7.2 Dharma as a Hypernorm

The case of Infosys serves as a pertinent

illustration of Integrative Social Contracts Theory (ISCT). Dharmic values serve as Hypernorms, establishing universal moral boundaries that delineate the operational framework of the "microsocial contracts" within the firm. When a firm violates its "authentic norms" (humility, simplicity), stakeholders (founders/investors) exercise their right to exit or voice, validating that the social contract is moral, not just economic.

7.3 Managerial Implications

The "Chief Dharma Officer" : In practical terms, this suggests that the concept of "Ethics" cannot be confined solely within the boundaries of a legal department. The recruitment process for boards necessitates a comprehensive evaluation of Chief Executive Officers (CEOs) that extends beyond mere competence, as defined by Artha, to include an assessment of Karma Yoga characteristics, specifically the capacity for detachment from personal enrichment. The adaptation of psychometric instruments derived from the scales developed by Mulla and Krishnan is feasible for the purpose of executive selection. Compensation structures necessitate a revaluation by remuneration committees to mitigate the "anxiety of results" associated with current pay packages. The implementation of a cap on the CEO-to-worker pay ratio serves not only as a mechanism for promoting social equity but also functions as a governance strategy aimed at mitigating Rajasic volatility within organisational structures.

7.4 Policy Implications

Regulatory bodies, such as the Securities and Exchange Board of India (SEBI), presently emphasise the importance of structural independence, exemplified by the separation of

the roles of Chief Executive Officer and Chairperson. The findings of this analysis indicate that such measures may be inadequate in the presence of a flawed moral orientation. The implementation of policies that promote "Stewardship Codes" may serve to incentivise extended holding periods of investments and acknowledge "Trust-based" ownership frameworks as legitimate governance models. Such measures could provide protection against hostile takeovers that favour short-term extraction strategies.

8. Limitations and Future Research

This research presents a comprehensive theoretical synthesis accompanied by extensive qualitative evidence; however, it is important to note that it is based on secondary case data. The KY-OI framework, although it is underpinned by theoretical foundations, necessitates empirical validation through the analysis of a substantial dataset.

8.1 Future Research Directions

8.1.1 Quantitative Validation

Further researchers can undertake a comprehensive regression analysis utilising the KY-OI proxies in order to examine the relationship between Dharmic governance and financial performance metrics, specifically Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q. This inquiry seeks to examine whether the principle of Nishkama Karma contributes to enhanced long-term profitability outcomes.

8.1.2 Cross-Cultural Analysis

The study can be aimed to evaluate the validity of the constructs associated with Karma Yoga within

contexts that are not rooted in Indian traditions. This inquiry seeks to explore the comparative aspects of the subject in relation to the Protestant Work Ethic and the Japanese concept of Kyosei.

8.1.3 Longitudinal Studies

Study can also be aimed to analyse the performance of firms such as Tata and Infosys over an extended period, with a focus on determining whether "Dharmic" governance structures yield higher survival rates in comparison to "Mercenary" firms during periods of economic crisis.

9. Conclusion

The incorporation of Karma Yoga within contemporary corporate governance frameworks transcends mere nostalgia, emerging instead as a critical innovation essential for achieving sustainability. The dominant model of shareholder primacy, influenced by the anxiety associated with performance outcomes (Phala-trishna), has resulted in systemic vulnerabilities and a significant erosion of trust within the financial ecosystem. This report presents a comprehensive analysis of Tata, Infosys, TVS, and Godrej, illustrating the operational viability of Dharma-Driven Leadership. The transition in the firm's objective is characterised by a movement from a focus on extraction to one centred on contribution. This study employs Upper Echelons Theory to establish a connection between individual spiritual disposition and organisational governance. The updated Karma-Yoga Organisational Index (KY-OI) offers a robust foundation as sought by critics, integrating psychological profundity with comprehensive governance considerations. This study posits that

the most effective governance mechanism is not a regulatory framework, but rather a leader who engages in action without attachment to the outcomes—characterized as a Corporate Karma Yogi. Through this process, the firm ensures the preservation of its financial gains (Artha), as well as its legitimacy and intrinsic values.

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