

## From Compliance to Conscience: A Dharma-Based Model of Ethical Leadership in 21st Century Organisations

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### Abstract

The organisational environment in the 21st century is marked by an increasing disconnect between corporate goals and ethical behaviour, resulting in a massive crisis of trust and leadership. The classical leadership theories that emphasise short-term performance and profit-oriented goals tend to lack the moral courage needed to do real governance. The research paper's approach is exploratory and qualitative, with interpretative hermeneutics used to derive management implications for the application of ancient Indian Knowledge Systems (IKS), namely, the Bhagavad Gita and the Ramayana. The results point to the fact that sound leadership can be based on the aspect of Nishkama Karma (selfless action as the duty), on Samatvam (emotional equanimity) and on the aspect of Lokasangraha (doing this in the interest of the welfare of the society). Instead of focusing on the outside compliance, this paradigm takes an internal ethical compass that lies in the idea of Dharma (righteous duty). This paper finds that a Dharma-based paradigm is a strong answer to the contemporary governance shortcomings, which promotes the long-term organisational sustainability and social acceptability. These classic principles combined will enable leaders to go beyond transactional management and establish organisations that are ethically sound and strategically productive.

**Keywords:** Ethical Leadership, Dharma, Bhagavad Gita, Indian Knowledge Systems (IKS), Nishkama Karma, Lokasangraha.

### Introduction

The 21<sup>st</sup> century organisational world is getting progressively marked with the issues of ethical breaches, governance deficits, and the crisis of trust, which can be described as the outcome of the vast discrepancy between corporate intentions and actions. The traditional models of leadership, often focused on transactional efficiency, hierarchical control and short-term performance outcomes, do not often suffice to develop the moral courage and long-term accountability that are needed to govern morally. Such a power-based strategy tends to encourage the development of a culture in which people are not disposed to work harder than necessary to get instant gratification or monetary compensation. Therefore, contemporary management is grappling with what can be termed as wicked problems, like irreversible destruction of the environment and institutionalised inequality that cannot be answered through pat solutions, and it requires a change of approach towards a focus on profit maximisation. It is against this backdrop that there is an immediate necessity for leadership paradigms that do not solely depend on external compliance but are pegged on a strong internal moral fabric.

The Indian Knowledge System (IKS) has the concept of Dharma that gives such leadership a perennial and deep-rooted basis. Dharma, as a derived word, is a Sanskrit word dhr, which means to

hold or to support, and thus Dharma is a complicated term, consisting of ethics, morality, justice, fairness and order. As opposed to Western ethics that are rule-based and usually applied externally, Dharma is regarded as an internalised, consciously-driven discipline in which one is obligated to uphold the cosmic and social order through duty. It is an intelligent, contextual and physical compass that helps people know what is right in their life in the world and their personal realm as well.

The key in this dharmic structure is the transformation of the leader to a Sthita-prajna - a person of stable knowledge. This ideal leader has balance and clarity in the midst of turbulence, pressures and uncertainties of the contemporary business environment. A Sthita-prajna will not take action because of an egoistic want, because of fear, or because he/she wants to gain some external reward; he/she gives it with a sense of self-control and spiritual awareness. This internal base is what guarantees that ethical behaviour is continuous and unprompted and not circumstantial or convenient.

The working efficiency of this paradigm has additional roots in Nishkama Karma- the selfless action that is done without self-interest and outcomes. By separating the ego from consequences, leaders will be able to create an atmosphere of openness and shared accountability, where performance comes out of disciplined performance instead of temporary needs. Moreover, the principle of Lokasangraha (universal welfare) promotes an elevation of the objective of an organisation, making stewards care about the welfare of everybody and the environment. Combining the ideas of Svadharma (duty as a role) and Satya (truth), the leaders will be able to match personal values with the social good, making strong and socially acceptable companies. This study endeavours to understand how these eternal laws of duty and self-sacrificing action can be effectively applied in solving the moral dilemmas of the 21<sup>st</sup> century management and how Dharma has not become a relic of history, but a template of a successful and sustainable future.

### **Literature Review**

Making the ancient Indian wisdom part of the modern management has attracted considerable academic attention as a reaction to the weaknesses of the Western moral frameworks. Mahadevan (2008) states that the Bhagavad Gita provides a model in which ethical efficiency is premised on yoga as skill in action and impersonality toward outcome (Nishkama Karma), which enhances integrity and stability among leaders. Similarly, Sharma (2023) examined the comprehensive management concept (in accordance with the principles of the Gita) according to which ethical leadership should reconcile an individual obligation and organisational and social benefit.

It has been observed that although the Western model tends to have a performance outcome and an individualistic profit, the Indian philosophy provides a broader understanding of human needs. Varghese et al. (2017) consider the ways in which transformational leadership can be improved using Indian values, such as Dharma, Ahimsa (non-violence), and selfless service that make employees go beyond expectations. Moreover, Chitrao et al. (2025) show the importance of the Ramayana and Bhagavad Gita as a source of ethical leadership training and elucidate such concepts as thinking healthily and acting in the greater interest than one's own.

In corporate responsibility, Sethi (2022) suggests a personhood model based on the Gita, offering a personal view of moral responsibility, which is the process of cultivating the self-conscience of the leader. Aithal et al. (2024) discussed the impact of Indian epics on the importance of delegation and empowerment as the means of responsibility distribution and the development of the culture of mutual respect. Subramanian and Sastry (2020) discussed the Dharma of Leadership using the example of Hanuman, judgment, and diplomacy as the main qualities of consummate leadership.

### **Objectives**

- To focus on the key tenets of Dharma, Nishkama Karma and Lokasangraha and assess their applicability to modern ethical leadership and stewardship.
- To examine the application of the principle of the Sthita-prajna under the stressful conditions of ethical dilemmas of the 21<sup>st</sup> century management.
- To evaluate the efficiency of working with the Dharma-based paradigm.

### **Depolymerization of Dharmic Principles to the Governance in The Present Times**

The adoption of Dharmic leadership in modern-day organisations needs a strategic method of changing the leadership behaviour and organisational culture internally.

- **Internal Moral Clarity (Sthita-prajna):** The initial stage of this operationalisation is the development of internal moral clarity of the leader. A wise leader cannot be caught in the tempest of the external situation and does not make decisions based on circumstances and emotions, but rather operates out of his inner calm and self-control, making ethical behaviour consistent and not contingent.
- **The Nishkama Karma Practice:** Ethical effectiveness occurs when the leaders do their responsibilities with no emotional inclination to self-interest or egoistic gain-seeking. In contemporary management, it has been translated to open governance, objective evaluation mechanisms and the creation of long-term plans without being subject to the short-term obsession.
- **Welfare of All (Lokasangraha):** A dharmic leader understands that the organisation is a segment of something bigger and has to help in the welfare of all entities. The principle is in line with Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) frameworks, which consider environmental sustainability and inclusive decision-making.
- **Alignment of Role and Nature (Swadharmas):** Proper administration is promoted by the correspondence of the organisational position and the natural capabilities of the individual with his or her moral orientation. Such alignment increases the performance and purposeful work culture.
- **The Dharma of Fidelity:** To avoid stagnation and anarchy, leadership must be stable and have goodwill. Trust is not a physical quality but a process that is acquired through simple deeds that are repeated over time, thus building a high-trust environment that is appealing to talent and boosting loyalty.

#### Multi-Framework Analysis

Multi-framework analysis of ethical leadership encompassing the concept of Dharma evaluates this paradigm not as a body of fixed rules, but as an imaginatively intelligent, consciousness-based model based on the righteous duty. Through the interpretation of the Indian Knowledge Systems (IKS) with contemporary management requirements, the subsequent systems determine the strategic and operational performance of leadership rooted in Dharma.

- **SWOC Analysis (Strengths, Weaknesses, Opportunities and Challenges)**
  - **Strengths:** Ethical clarity and moral consistency are the most important resources of modern organisations. Leaders who are guided by Nishkama Karma (selfless action) and Dharma are courageous and long-term thinkers, and hence corruption and egoism-based decision-making is minimised to the lowest point possible. Moreover, Samatvam (equanimity) practice promotes the culture of psychological security and organisational trust.
  - **Weaknesses:** The implementation needs a high level of leadership self-awareness and cultural maturity that is yet to be standardised in global organisations. One may also run the risk of misunderstanding such notions as detachment because it is seen as not being ambitious enough or passive.
  - **Opportunities:** The world has turned into a global trend that strives towards conscious capitalism, Environmental, Social, and Governance (ESG) structures, Corporate Social Responsibility (CSR) and sustainability, which is a perfect place to implement these ideas. This integration is further supported by the increasing popularity of mindfulness and spiritual health in business conversations.
  - **Challenges:** The biggest obstacle is institutionalisation- helping Dharma transition to a living principle in metric and evaluation systems that value fast and short-term outcomes.
- **ABCD Stakeholder Analysis**
  - **Advantages (A):** The employees will enjoy psychologically safe and value-based working conditions; investors will face fewer ethical risks and better governance, and the communities will enjoy socially responsible working environments based on Lokasangraha (universal welfare).

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- **Benefits (B):** The main results are higher morale of employees, better brand reputation and increased stakeholder loyalty. Leaders who are Dharma-oriented make one have confidence and set a moral example to the coming generations.
- **Constraints (C):** Indigenous knowledge/Profit-centric leadership. Resistance is likely due to the absence of existing training in ethical reasoning or indigenous knowledge.
- **Disadvantages (D):** There is a risk that disadvantages in the short-term performance metrics may be experienced during the initial phases when the leaders focus on ethical processes rather than on quick profits. Not all decisions are congruent with the immediate and aggressive shareholder expectations.

- **Impact Analysis**

The analysis of the impact shows that Dharma-oriented leadership has long-term transformative effects at four levels:

- **Individual Level:** Develops emotional stability, resilience, and clarity, minimising impulsiveness/fear-based choices.
- **Team Level:** Builds trust and authenticity, which is built on the aspect that the team members are respected and valued, in addition to their material contributions.
- **Organisational Level:** Changes the culture of survival through competition to a collective purpose and open administration, which decreases the chances of an ethical failure.
- **Societal Level:** Enhances the society-approved license to operate by maintaining the environment and involvement with the community.

- **Hermeneutic Evaluation: Linked-Leadership Model**

Based on a literal interpretation of the Bhagavad Gita, this model measures leadership in four combined wheels:

- **Self-Leadership:** Assesses the spiritual consciousness, mental discipline and genuineness of the leader.
- **Servant-Leadership:** Relational dealings are defined by equality, profiling of personalities, and team make-up.
- **Holistic Systems:** Perceives the organisation as a component of a greater cosmic, giving importance to sustainability and innovation.
- **Higher Purpose:** Measures the degree of heart and stakeholder orientation to actions.

### **Implications of the Study**

Bringing Dharma into a conceptual framework of ethical leadership has radical implications on management, education and the governance of society. This study offers a roadmap to deal with the 21<sup>st</sup> century wicked problems, including systemic inequality and environmental destruction, by focusing not on external compliance but on the inner moral compass.

- **Managerial and Strategic Implications**

To contemporary practitioners, the main implication would be the use of transformational stewardship as opposed to transactional efficiency. The model implies that leadership performance is not a factor of strategy and tactics only, but also character and values. Nishkama Karma (selfless action) enables leaders to develop "yoga as skill in action," which enables them to make objective, fair decisions without being influenced by the egoistic feeling of reward to self.

Moreover, the idea of the Sthita-prajna (leader of steady wisdom) means that emotional equanimity and mental discipline should be used in developing leadership in organisations. This will help prevent ethical failures brought about by short-termism and greed that have seen the downfall of companies in history, such as Satyam or Enron. The idea of creating a culture of psychological safety and transparency through the embrace of the so-called Dharma of Trust by the leaders will provide the company with a sustainable competitive advantage in the unstable international market.

- **Training and Educational Implications**

This paper highlights the fact that there is an urgent need to instil Indian Knowledge Systems (IKS) into the management institutions' curriculum. The traditional Western models are inclined to hierarchical control and profit-making, whereas IKS is rather a fuller understanding of the internal and emotional needs of employees.

The study suggests that Ramayana and Bhagavad Gita can be used as training aids in developing a management-based logic with MBA students and business leaders. The future leaders can also study how to develop high-trust teams and match the organisational role with the personal abilities of the person by referring to the Dharma of Jurisdiction and delegation techniques of such figures as Lord Rama or Hanuman (Svadharna).

- **Implications on Organisations and Policies**

Governance-wise, the framework is in line with corporate strategy and the principle of Lokasangraha (universal welfare). This means that the Corporate Social Responsibility (CSR) is not to be an image-making instrument but a selfless service that is done in the interest of the greater whole. Companies that embrace the use of this dharmic model will show greater social legitimacy and sustainability over the long run.

Lastly, to policymakers, the work shows the need to ensure that national educational policies (as is the case in NEP 2020 in India) are geared towards the national tradition of ethical traits, to produce a generation of enlightened beings who can benefit society. This inward or inside-out ethic or school of thought is based on forming the self-conscience of the leader and offers a very strong alternative to the rule-based governance whereby the wealth (Artha) and pleasure (Kama) are never independent of righteousness (Dharma).

### **Conclusion**

This study draws a conclusion that the ancient philosophy of Dharma is not simply a historical artefact but an extensive and practical guideline towards a stable and moralistic future in management. The Dharma-based paradigm will resolve the underlying issues that caused the failures of modern governance and the escalating trust crisis by establishing an internal moral compass instead of focusing on its outward compliance and transactional efficiency. The paradigm offers the ethical leader a fresh meaning of Sthita-prajna, a person who is steadfast in wisdom, who retains the inner balance in the storm of the organization and who displays ethical behaviour in an unyielding, self-driven, and uncompromising way, uninfluenced by external incentives.

The key results illustrate the fact that effective leadership is based on three synergistic principles, which are Nishkama Karma, Samatvam, and Lokasangraha. By adopting Nishkama Karma (selfless action), leaders get to learn to carry out their rightful task with great enthusiasm but not with an egoistic interest in their own personal benefits, thus creating a culture of openness and decision-making. Developing Samatvam (equanimity) would help leaders to be emotionally mature and resilient enough to approach ethical situations with calmness, and the Lokasangraha (universal welfare) would help the leaders to ensure the alignment of organisational objectives with the welfare of all stakeholders and the environment. This holistic approach lifts leadership above the role of authority to a stewardship and accountable service.

Moreover, this paper shows that Indian Knowledge Systems (IKS) grapple with the 21<sup>st</sup> century systemic wicked problems, including systemic inequality and environmental degradation, which can be solved through the integration of Indian Knowledge Systems (IKS) in corporate governance. With a more meaningful and genuine work culture, companies can promote a different orientation of organisational roles to the natural abilities of the person (Swadharna) and alignment with ethical orientation (Swadharna). The final result of this strategy is the creation of the so-called Dharma of Trust, which is the physical system of competitive advantage.

To conclude, ethical leadership in the Dharma perspective provides a way to achieve economically prosperous, socially acceptable, and spiritually based organisations. The wise adoption of these evergreen values will enable contemporary leaders to surpass the greed of the short-term and establish highly personalised institutions with high levels of trust and resilience. Finally, in a more and more complicated global environment, the only competitive advantage that is really sustainable is moral integrity based on Dharma.

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