



Organisations are just one piece of the big 'caste' puzzle. The government along with civil society, roles of which have been ignored in the Cisco case, are the bigger players.

According to William [Darity and Steven Shulman](#), discrimination is an inherent feature of the economic system — and competition is not powerful enough to offset group dynamics of identity and interest, rather it operates to sustain discriminatory behaviour. The factors such as human behaviour, personality traits and personal beliefs — almost all of which are massively influenced by religious norms in the Indian context and are much more difficult to change — also need to be looked at while dealing with workplace discrimination.

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George Akerlof, in his [economic model of the caste system](#), argued that the fear of social and economic boycott acts as a deterrent to any change in the caste system. In other words, high social costs associated with change lead caste system not to be dynamic.

James Scoville has [emphasised](#) that the reasons for the rigidity of the castes are the economic costs associated with changing the system. The economic costs (enforcement and transaction) are so high that even though the caste system is inefficient, it continues. Bhimrao Ambedkar, in his *Annihilation of Caste*, also stresses on similar ideas: the restrictions put on people because of the caste system prohibit the movement of labour between occupations, which lead to inefficient resource allocation and lowers economic output. Clearly then, [caste inequality hurts organisations](#).

Even the lack of innovation in India has been attributed to the caste system. So why has this system continued? The answer can be traced back to how determinedly Indians follow the religious scriptures, which promote the caste system, with little to no flexibility.

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## The markets forces

Even if markets are in perfect competition (which is highly unlikely because most markets are either oligopolistic or monopolistic), there would still be discrimination if all firms practise discrimination as transaction costs (cost of making any trade) and the enforcement costs associated with breaking the rules of the system and bringing new rules would also be too high.

When all the organisations act as one, there is no advantage for an individual firm to go against the wind and build a new social and economic system, incurring high associated costs. Furthermore, to bring a change in the new system, there have to be fewer benefits for the upper castes, who are in positions of power, and low social and economic costs. What are the odds of such a system coming into place?

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## Private sector reservation

Here comes the role of the government with interventionist policies, such as reservation and legal safeguards in the private sector. Reservation in the public sector hasn't fully eliminated caste discrimination, but [research](#) shows the prevalence is relatively lower compared to the private sector.

Sukhadeo Thorat and Katherine Newman in *Blocked by Caste: Economic Discrimination in Modern India* call for state interventions in the land, labour, and capital (factors of production) markets along with education, health and housing. All governments have failed to move in this direction.

Gary Becker in *Economics of Discrimination* introduces the idea of 'taste for discrimination'— employers' prejudices or dislikes toward minority communities lead to discrimination. Productivity does not matter. If there is dislike toward minority community or if employers just want to avoid interaction with them, it

would lead to discrimination. Same has been done to the Dalits and our workplaces reflect the same. Kenneth Arrow's [research](#) explores the idea of 'statistical discrimination', suggesting that employers have imperfect information about individuals with whom they interact.

So, inequality and discrimination persist despite the economic agents, that is the employers, being rational or non-prejudiced. Consider a case of hiring a new employee whose productivity is unknown to the employer. Inside the organisation, most information that is available is only about the productivity of the upper caste group (which is the case as upper castes dominate workplaces) compared to the productivity of the lower caste group. The employer would end up discriminating because s/he gets a lower signal precision for the productivity of the lower caste group.

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## The diversity debate

There is enough research available that [diversity improves productivity](#) and innovation but at the same time, it can create problems as well. While diversity can spark creativity and innovation, it can [create discomfort at the workplace and increase conflicts](#) in the teams, for being exposed to people from different cultural upbringing. So, navigating this challenge is a tightrope for companies. Studies surrounding [homosocial reproduction](#) suggests how socially similar people are selected to reduce uncertainty, facilitate trust, commitment and smooth communication because it is natural for people to bond with people who share some similarities. Researchers term such behaviour as group [fault lines](#). I would call it 'caste fault lines' in the Indian context, where caste is the building block.

Most of the diversity initiatives fail to achieve their goals even after investing huge sums of money. [Business of targeting diversity is blooming, not diversity](#). Some research also suggests how discrimination increased after diversity programs were introduced. One-size-fits-all approach, attempting surface diversity (in terms of race, gender, age or caste) and giving little attention to personal beliefs are some of the main reasons why these programmes fail. In dealing with the caste system, one cannot ignore personal beliefs, which are highly influenced by religious scriptures.

Most of the board members in corporate India [are either Brahmins or Vaishyas](#) and most of the mergers and acquisitions take place within the [same castes](#). No wonder corporations such as [Facebook](#), [Twitter](#), [Kent](#), [Havells](#) among others have been accused of caste discrimination. Such personal preferences and beliefs make breaking the norms of caste much more difficult. To break such norms and practices, it cannot be left alone to the companies, whose whole motive is to make money for their stakeholders while sticking to the religious norms.

From [hiring](#) to giving job assignment to deciding wages, there is caste discrimination at each step. What is practised at private [companies](#) is the reflection of our society. It is a daily challenge for the lower castes to [fight](#) against the established perception of lower productivity associated with them in organisations across India—not a bit of which is true.

It's no surprise that despite enough evidence pointing towards caste discrimination, Cisco, in response to the lawsuit, stated that it will vigorously defend itself against the allegations. The challenge to caste discrimination and caste practices must come from all possible directions, with government and civil society working on removing the prejudices that upper castes hold against lower castes. Otherwise, there is little to no hope that organisations themselves would initiate the much-needed changes.

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