

The caste system and CSR

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India is the largest functioning democracy in the world, yet the systemic perpetuation of caste discrimination enforces inequality at the level we would expect under authoritarian regimes. Although caste discrimination was officially banned by the Protection of Civil Rights Act

of 1976, the caste system is still entrenched in Indian society.

Social division based on caste dates back to 3,000 years ago and is debated to have its roots in the ancient Hindu religious structure, which demarcated five main strata of society with Brahmins at the top and “untouchables” and tribal people at the base. In modern Indian society, the lower castes are officially documented as Scheduled Castes (SC), Scheduled Tribes (ST), and Other Backward Classes (OBC). Untouchables came to be referred to as such from the belief that they are polluted or dirty, hence not to be associated with, but are now commonly referred to as Dalits.

It is a system in which your birth (heredity) determines the kind of job you are allowed to do. However, in its more powerful incarnations, it can be viewed as a chance for those in power to continue to exploit lower caste Hindus into doing jobs deemed ‘dirty’. Dalits are excluded from land ownership, denied access to water (in fear of polluting it), education and employment, subjected to separated housing and forced assignment to manual scavenging (removing faeces from toilets that cannot flush). Dalits are also excluded from society through denied access to institutions vital for enabling social mobility such as banks, business, and formal employment.

Since 1950 the constitution of India has upheld the reservation of places for lower classes in politics, education, and employment. We have seen this with political reservations for proportional representation of lower castes in the Upper (members elected by legislative bodies of States) and Lower (members voted by citizens) Houses of Parliament and students from lower castes being given places in state colleges. Yet, the debate of caste based reservations in the business sector through the implementation of affirmative action policies has sparked controversy and is unlikely to be mandated by the Indian government in ways we have seen in the United States with African Americans or in South Africa.

“After 60 years of constitutional legal protection and support...Dalits face a unique discrimination in [Indian society] that is fundamentally different from the problems of minority groups in general. The only parallel to the practice of untouchability was Apartheid in South Africa. Untouchability is not just social discrimination. It is a blot on humanity.” Monmohan Singh, Indian Prime Minister.

For any company, national or multinational with a presence in India, the caste system represents both a social and human rights risk to the management of that company. It also represents an opportunity

to institute change through its CSR policies and practice. Because of the caste system’s intrinsic association with trade and employment, it makes it a critical CSR issue and differentiates it from other commonly understood aspects of diversity such as ethnicity.

A very interesting report written in 2007 by the UK branch of the International Dalit Solidarity Network profiles multinationals operating in India and their current CSR and employment policies with respect to caste. Companies analysed included Shell, Unilever, Cadbury Schweppes, HSBC, Standard Chartered Bank, Marks and Spencer, and Tesco; companies that stakeholders would generally deem to be good CSR performers. Many of these companies have signed up to the UN Global Compact and the Sullivan Principles, among others initiatives with explicit commitments to uphold human rights. In addition, they have been operating in India for decades, so it is perplexing to see that they are missing the connection between human rights and the caste system in India. The majority of these companies have extensive diversity policies citing sexual orientation, physical appearance and thinking styles as basis for non-discrimination; however, only HSBC explicitly mentions caste as a basis of non-discrimination.

When approached by the Dalit Solidarity Network UK on this issue, company responses were based on three major justifications:

1. Many companies stated that their hiring practices were based on merit and as a result do not ask candidates to reveal caste, race or origin at the time of recruitment and do not use it as reference in any employee’s career.
2. Furthermore, these companies believe their definition and policy of diversity can be applied to all countries of operation, including India.
3. There is no need to include a caste statement specific to India because a manager would not be discriminating on the grounds of caste anyway.

In response to the first justification: What these MNCs are failing to understand is that they are entering a system of endemic discrimination and that only recognising merit is futile in a context whereby Dalits are denied access to the very opportunities and institutions necessary to demonstrate and develop merit.

In response to the second justification: It is insufficient to translate a diversity framework to the Indian context that does not mention caste explicitly. CSR policies, including recruitment policies must be localised to be made relevant in the region of operation. Any company operating in the U.S. would be sure to mention ethnicity and would be likely to include affirmative action quotas for African Americans due to the historic social and political relevance to American society. In a reverse sense, the rhetoric of ethnicity and race is less relevant to India and cannot be equated to caste due to the unique factors upon which caste discrimination is based. For any diversity initiative to be relevant to India, it must mention caste.

In response to the third justification: While managers may not necessarily discriminate on the grounds of caste, a manager would

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be naive to believe caste is not in the minds and hearts of their employees. A study conducted by Princeton University confirms that Dalits and other minorities are discriminated against in the Indian business sector because personal prejudices are bound to manifest. Caste can be denoted through knowledge of a surname. Cases of entrepreneurs changing their names to get their foot on the corporate ladder abound. A company needs mechanisms to guard against prejudice among local management and staff. If you are a foreign multinational operating in India but are hiring local employees, they will be caste conscious even if you are not.

Corporations in India need to become caste conscious rather than caste blind if anything is to change. Due to the implications of the caste system, merit cannot exist in an objective sense. Inequalities run deep in society and institutions in India exclude Dalits from opportunities for social mobility. Failing to acknowledge caste will not change the status quo. Caste inequities can be reduced only by highlighting caste and the divisions it perpetuates. It becomes quite clear that few companies in India truly understand the business case for diversity when they perpetuate the rhetoric that caste based reservation should be abolished because merit and efficiency are in danger. Leading companies in India are in a unique position to push this business case for diversity through their CSR policies.

So how do companies do this? The Ambedkar Principles have been established by the International Dalit Solidarity Network as a useful set of guidelines for companies and investors to follow in order to eliminate caste discrimination in the labour market. Bhimrao Ramji Ambedkar has been regarded as a Dalit hero who escaped the cycle of poverty, earned doctorates from Columbia University and the London School of Economics, and later went on to chair the committee that wrote the Indian Constitution alongside the likes of Gandhi, Nehru and Jinnah. Key elements of the Principles include: implementing a plan of affirmative action for Dalits; developing comprehensive training opportunities for employees and potential recruits from Dalit communities (with a focus on English language teaching); developing effective monitoring mechanisms, such as external audits and liaising with relevant sector and state departments to ensure proportional representation; reporting on progress of their implementation; and adopting board level responsibility for their oversight.

Here are some other suggestions on how to make your CSR caste conscious:

1. Localise your CSR strategy - Global CSR strategies are developed to align with business practice to ensure sustainable operations that reduce harm to the environment and act as a positive force in society. However, in this complex world we live in, companies need to implement policies with regard to local politics, culture and social norms. Your company could start by adopting the Ambedkar Principles to demonstrate commitment.
2. Stakeholder Engagement – The best way to understand local issues is through engaging local stakeholders to ascertain their perceptions and expectations of your company. Prominent organisations such as the International Dalit Solidarity Network and other stakeholders in this area can prove to be very useful representatives of the disadvantaged castes.
3. Workplace policies - As other CSR policies are localised to the region of business operation, so too should workplace policies. The inextricable link between employment and caste discrimination provides an opportunity for companies to redress the imbalance through their recruitment practices, training programs, and grievance mechanisms. Examples of companies already demonstrating such initiatives include:
 - a) The Tata Group of companies have recently put in place a positive discrimination policy, similar to affirmative action like in the U.S.
 - b) The Forbes Marshall Group is also drawing from US experience to draft an affirmative action and diversity policy.
 - c) Voltas, the air conditioning and engineering services company supports an initiative in vocational training for underprivileged Dalit youth at a technical school in Mumbai.
 - d) HSBC has recently added caste as a non discriminatory factor in their employment policy and signed the Ambedkar Principles
4. Supply Chain management - By engaging with a diverse network of lower caste suppliers, companies can make a huge difference by extending influence across their supply chain and providing much needed business for minority suppliers to flourish. Furthermore, companies should pay proper attention to Dalit workers in their supply chains, especially in the agricultural and textile sectors, as they may face discrimination against fair and just employment practices.
5. Community Investment – Caste awareness should be embedded into community investment strategies. In rural areas where approximately 70% of the Indian population lives and the majority of Dalits remain socially deprived, companies have an opportunity to affect change at the grass roots level. Upon evaluation of effective community investment programs in India, the major question is whether the poorest of the poor are really being impacted, and this discussion must include an analysis of the Dalits in rural areas. Many companies operating in India will focus on empowerment of women, micro-finance programs, rural community development, health and hygiene, and education. Access to these programs must be extended to the Dalits, who are potentially barred from access. The Ambedkar Principles promote the inclusion of Dalits in the planning and implementation of community development programs. Caste should also be included as a factor in the measurement and reporting of community investment programs and the impact that they have— how effective is your program at building capacity amongst the most downtrodden in society and providing opportunities for social mobility? ■

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