

Companies

Ikea's grown up plan to tackle child labour

Edward Luce SEPTEMBER 14 2004

Apologists of child labour in India and elsewhere make two claims. First, children are better suited than adults to tasks such as carpet-weaving or matchstick-making since their fingers are more dextrous. And second, if the children were not employed, they would be worse off.

The first justification is a straightforward myth. "Weaving carpets requires strength and, at every stage of production, adults are better at it," says Fida Hussain, head of Deluxe Carpets in Badohi, a town in the heart of India's carpet belt in the state of Uttar Pradesh.

Mr Hussain has observed both child and adult labour. As the main supplier of carpets to Ikea, the Swedish-based home furnishings retailer, Deluxe Carpets is required to do what it can to ensure its sub-contractors - the cottage industry manufacturers - do not employ children.

"Children are put to work because their parents are in debt," Mr Hussain says. "It has nothing to do with how well they work."

The answer to the second justification - that child labour is the lesser of two evils - depends on the context. There are plenty of examples of children being thrown on to the streets after international buyers imposed ultimatums on their suppliers. The threat of US trade sanctions in the 1990s prompted Bangladeshi garment manufacturers to stop employing thousands of child workers, whose resulting plight was widely documented by the United Nations and other bodies. "The impact of US legislation on Bangladesh is a classic example of good intentions and bad results," says one UN official.

And when foreign companies have set up schools for former child workers, it has not always worked. India's booming carpet belt, which accounts for 85 per cent of the country's carpet exports and is a supplier - directly or indirectly - for almost every global retail chain, is littered with such examples.

"When we travelled around in the villages in India's carpet belt in the 1990s, we would see many empty schools everywhere, some of them bearing the names of international companies," says Marianne Barner, Ikea's head of communications. "It became clear to us that you had to delve deeper."

Ikea's child labour initiative aims to give financial independence to poorer women in India's carpet belt. The project covers roughly 1.5m people in 650 villages in the districts around India's holy town of Varanasi.

Dipankar Gupta, a leading Indian sociologist who is also a consultant to KPMG, which conducts social audits of corporate investors in India, says the scheme is credible because it is based on commercial interests.

Ikea, like its competitors, has a commercial stake in minimising child labour because bad publicity harms business. Every multinational knows what happened to the sales of Nike, the US sportswear company, following allegations of unethical labour practices.

“The important point is that it is not philanthropic,” says Mr Gupta. “Plenty of companies give money to causes that bear little relation to their business. . . But, even if it stems from the goodness of their hearts, one can be sceptical about their long-term commitment.”

Ikea, which launched its India carpet project in 2000, bases its approach on helping the mothers of potential and actual child workers to escape the vice-like grip of loan sharks. By paying between 20 and 50 rupees a month into “self-help groups”, lower caste women collectively save enough to open bank accounts and borrow at market, rather than usurious, rates of interest. The first thing they do is pay off debts to moneylenders, who are often owners of the handlooms. It is typically the inability to repay moneylenders that forces women to supply their children as collateral. “Now that we are financially independent, we can take our children and put them in school,” said one woman in the village of Suiyawan.

But it is hard to measure the results of Ikea's project, or any other. India's carpet sector is highly fragmented, with stages of manufacturing sub-contracted across thousands of villages.

Roughly 500,000 people are employed in the carpet belt, usually weaving at tiny handlooms that can accommodate two or three workers. Of these, Unicef, which is Ikea's partner, estimates that 40,000 are children.

Unlike Rugmark, a scheme backed by dozens of international companies in which carpets are stamped with a label that “guarantees” that no child labour was involved, Ikea gives no such assurance. In practice, it would have to put CCTV cameras next to every handloom - and there are roughly 175,000 of those. Vandana Verma, Ikea's so-called “child ombudsman” in South Asia, says: “This is why we are working to create a more child-friendly environment.”

In addition to creating and educating the women's groups, Ikea puts children through “bridge schools” so that they can join mainstream schools within a year. Often they are in open-air settings under the traditional banyan tree, with a simple chalk blackboard as a prop and cows wandering through class. But, in contrast to the local government schools where teachers often fail to turn up, the bridge schools are evidently staffed by enthusiasts.

“This is something new to us,” says the upper caste headman of Nonara, another semi-feudal village. “The untouchables and the girls are learning to read and write,” he says. “But all of us will benefit.”

Ikea's stress on prevention - tackling indebtedness - is clearly more sophisticated than the conventional focus on rehabilitation, in which donors build schools and simply hope for the best. But it does not mean that Ikea will achieve its goal, which is to ensure the women's groups and the schools outlast its own involvement.

Often in India and elsewhere, successful projects wither away following the departure of those who initiated them. And there is no guarantee that Ikea will not switch its carpet sourcing to another part of India, or even another country. Varanasi's carpet makers are skilled at what they do, but the fragmented production process does inflate costs.

Yet Ikea's project is the most detailed instance so far of corporate social action in India's carpet belt. An estimated 21,000 children have become literate. And several thousand women are discovering the magic of compound interest, without having received a rupee in subsidy.

Ikea hopes the practice will take root as women grasp the unexpected powers that result from pooling small contributions in monthly increments. If so, child labour will shrink further. “It is impossible to say for sure that we will be completely successful,” says Ms Barner. “But our experience is that if you do not look at the root causes of child labour, you will not make real progress.”

BRIDGING THE BIG EDUCATION GAP

Children at the 103 “bridge schools” supported by Ikea in India's carpet belt are taught in a way that they are likely to understand. One arithmetic textbook teaches children how to count with illustrations of carpet knots - acknowledging that many of them had earlier been weaving carpets at handlooms.

Teachers are also trained in Unicef's “joyful learning” technique - in contrast to the uninspiring atmosphere that prevails in many government schools. At some state schools, teachers still use the cane for corporal punishment: this is in direct contravention of Indian law.

An evangelical approach also suffuses the 423 women's "micro-credit" groups supported by Ikea and Unicef. The women, many of whom have emerged for the first time from "purdah" - social exclusion - are encouraged to debate noisily at the self-help group meetings.

Some economists have questioned the commercial sustainability of women's micro-credit groups elsewhere in India. But there is little doubt they boost women's self-esteem. "It is a kind of 'coming out' for women," says one United Nations official. "Once they get the confidence to talk in public, they don't stop."

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