

CSR and Child Labour: Endeavours by Select Corporates in India

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Abstract: *India is a global benchmark among emerging market economies, thanks to its pace of growth and rapid economic transformation. The swift growth of recent years has enabled the country to notably improve its infrastructure and fuelled the expansion of its industry, trade and exports. However, the dark side of India's growth story is that over 13 million children are working as labourers. The rehabilitation and education of children involved in labour in India is without doubt crucial. The demographic statistics reveal that 35.3% of the population is below the age of 15. The future of India is in the hands of these children and hence there is an urgent need to address this challenge through focussing on their education and skill development. Corporates and civil societies are endeavouring to uphold the rights of children and promote education for them. Efforts are on to eliminate child labour in the supply chains or while sourcing through sub-contractors. But child labour is endemic in India and attempts to eradicate it needs to be stepped up. Incorporating further affirmative actions through CSR and integrating it within the business strategy would benefit the corporations in the long run.*

Keywords: *CSR, Child Labour, Sustainability, Supply Chain*

I. Introduction

The changing profile of corporate ownership, increasing flow of foreign investment, reduction in government protection to corporates and the various international agreements on corporate governance standards has necessitated a new urgency to adopt CSR in India. Practitioners of CSR worldwide stress that it is a cost effective way of gaining competitive advantage in terms of enhanced brand image, increased sales and customer loyalty and also an effective way of retaining employees^[1]. But most importantly corporates are securing a conscience, and rightly so. There is an increasing acceptance of the fact that there are several other factors that drive businesses beyond financial performance. Awareness regarding the responsibility of businesses towards social, environmental and governance issues is becoming very wide spread and their integration into business strategies is becoming common place.

Followed by the UN Human Rights Council's endorsement of the "Guiding Principles on Business and Human Rights" in June 2011, the ILO and the International Organisation of Employers (IOE) launched the project "Guidance Tool on How to do Business with Respect for Children's Rights to be Free from Child Labour" , to provide guidance on how companies can prevent child labour and contribute to child labour remediation, whether in their own operations or in their supply chains, through appropriate policies, due diligence and remediation processes.

Elimination of Child labour has entered the CSR agenda of many companies internationally and is gaining a foothold in Indian firms as well. Additionally, trade union organisations and civil societies too have addressed the issue of child labour in company operations and particularly in supply chains. However, child labour incidents are still widely prevalent and it is necessary to scale up the efforts to address and eliminate the root causes of the problem. UNICEF has suggested that Companies can try to understand the specific country situation in which they operate and define appropriate working conditions accordingly. Internal business conduct may be examined to avoid making demands of suppliers or sub-contractors that may lead them to use child labour. Efforts may be made to eliminate child labour throughout their business operations in supply chains. Firms may create and communicate a company policy prohibiting employees from hiring children as domestic workers, who are not of working age^[2]. Finally, companies can play an active role to eliminate poverty in the communities they operate so as to discourage child labour.

II. Review of Literature

A.C. Fernando^[3] in "Business Ethics: An Indian Perspective", Pearson Education India, 2009, discusses the theories of ethics followed by corporates, the significance of corporate governance and corporate

social responsibility in business dealings and the application of ethics to various management functions such as marketing, finance, HR and IT. A few case studies are used to illustrate certain issues.

Godbole Girish^[4] in Corporate Social Responsibility and Children's Right in South Asia, Save the Children Sweden, identifies examples of Corporate Social Responsibility (CSR) initiatives within the context of children's issues in India, Nepal and Bangladesh. The mapping highlights that children's issues often do not get sufficient consideration in the corporate agenda. Moreover, most of the CSR initiatives that do target children often follow the welfare approach. The programmes seldom involve children as social actors and partners in their own development.

III. Methodology

The researcher used secondary research techniques. It included review of print literature and web based research.

IV. Objective

The paper aims to understand and document the concept of CSR with respect to Child labour being adopted by select corporate entities operating in/outsourcing from India choosing companies/bodies from diverse areas of operations. They include ITC, L'Oreal and Estée-Lauder, Inditex and SGFI.

V. Policies on Prohibition of Child Labour by ITC

ITC believes in a "No Child Labour and No Forced Labour" policy. It is ITC's policy to ensure that no person below the age of eighteen years is employed in the workplace and to refrain from engaging with vendors and suppliers who resort to using child labour and forced labour in their operations. This policy is communicated to all employees in an appropriate and meaningful manner^[5].

The various ITC Units have appropriate systems and processes in place to ensure compliance with the Policy and with statutory provisions, including processing of grievances for redressal. Compliance with the Policy is regularly monitored and evaluated by the Sustainability Compliance Review Committee (SCRC) of the Corporate Management Committee (CMC)^[6]. The report of the SCRC is reviewed by the CMC every quarter. The CSR & Sustainability Committee of the Board supervise the implementation of this Policy.

ITC has implemented focussed programmes on primary education, skill development and vocational training. The objective is to increase enrolments, minimise drop-outs, and provide infrastructural support to Government schools as well as to expand vocational livelihood opportunities. Over 3,30,000 rural children have benefitted, helping them to build a better future.

VI. L'Oreal and Estée-Lauder – Eliminating Child Labour in Mica Mining

Australian newspaper, The Age, reported that child labour is endemic in India's mica mining business and 86% of the country's mica exports in 2010-2011 were unregulated. Generally, companies rely on assurances from their distributors declaring that its mica production is free of child labour of all kinds, at face value. In recent times, social auditing is being undertaken to further ensure child labour free mica mining. L'Oreal's mica supplier in India, Merck, has undertaken such steps to conduct social audit to identify the extent of and report against usage of child labour in mica mining. Since 2007 it has employed human resource consultants Environmental Resource Management to carry out monthly assessments of its mines.

Merck is also working in partnership with NGO Bachpan Bachao Andolan (Save the Childhood Campaign) to create 'child-friendly villages' in mica-sourcing Indian communities, helping to reduce the level of child labour in these areas. Fellow cosmetics giant Estée-Lauder has also been involved with BBA, and claims that its affiliation with the National Resources Stewardship Circle – a commercial council promoting responsible sourcing for the beauty industry – is prompting a collaborative resolution to problems in the supply chain.

It is often alleged that there is a culture of wilful ignorance in the supply chains of many industries^[7]. The beauty industry is not the only one using mica, it is also used in paint, mobile phones and has many industrial uses. It's also sourced in other places with similar supply chain issues such as China and Africa.

VII. INDITEX : Outsourcing from India Subject to Decent Working Conditions

Inditex is one of the world's largest fashion retailers with eight brands and over 6,460 stores throughout the world. Inditex's goal is to offer products of the highest quality to all its customers at the same time as striving to develop a business that is sustainable. The textile trade employs more than 35 million people and is India's No. 2 industry in terms of jobs, second only to agriculture. While Inditex sources most of its manufacturing in European countries and neighbouring countries, it manufactures about 5 percent of its products in India. The Group currently has more than 100 non-exclusive suppliers in India, which together employ 65,000 workers.

These Indian suppliers have grown alongside Inditex, forging closer trade ties and, at the same time, jointly cooperating to improve their working processes^[8]. To this end, Inditex has carried out a wide range of activities to improve working conditions at factories, in accordance with its global Corporate Social Responsibility policy. An example of Inditex's commitment to its suppliers is the Vidya Project, an initiative of the Inditex Group's Corporate Social Responsibility teams, intended to correct risks associated with the use of unauthorised outsourced work in northern India.

To begin their research, Inditex's teams recorded, filmed and photographed numerous examples of unacceptable working conditions at subcontractor facilities and raised the alarm about the risks of some of the company's manufacturing ending up in these workshops. In light of the risk that such workshops could become a part of the Group's supply chain, Inditex enacted the Vidya Project, a key element of which was abolishing unauthorised outsourcing and implementing processes for ongoing improvement in working conditions at workplaces of suppliers and their subcontractors.

The Vidya Project had five purposes: abstain from employing persons below 18 years, provide safe drinking water, introduce health and safety standards, guarantee minimum wages and help boost direct production through discouraging subcontracting of orders. To eliminate any chance that workshops might employ workers who are under the age of 18, Inditex introduced specific age verification measures to overcome the practical obstacles posed, particularly in the case of workers from rural areas, who often lack identification documents. Inditex's India-based CSR team made more than 400 competence visits, in which they tailored their efforts with suppliers to assist them in introducing required improvements.

VIII. Sports Good Foundation of India: Monitoring Issue of Child Labour

The SGFI case deals with the collective response of the Jalandhar (India) inflatable ball manufacturers and exporters to the issue of child labour used in the production of inflatable balls. During the 1998 football World Cup, media coverage of the child labour usage in football manufacture led to a boycott of the inflatable balls exported from India and Pakistan^[9].

In response, Pakistan signed the Atlanta Agreement, under which different stakeholders came together to set up a monitoring mechanism. On similar lines, the manufacturers of Jalandhar established the Sports Good Foundation of India (SGFI) to assist in monitoring of child labour among the SGFI members.

SGFI was funded by FIFA from 1999 to 2003 on the explicit understanding that the external monitoring would be done by an internationally reputed agency like SGS. SGFI hired SGS to monitor the production of inflatable balls for export in Jalandhar.

In 2004, UNIDO stepped in to launch its cluster development programme through SGFI. Under this programme, SGFI expanded its activities and enhanced its role to enter other CSR areas. When UNIDO intervention and funding came to an end in 2008, the SGFI members decided to contribute a proportion of their export revenues towards SGFI activities^[10]. SGFI closely monitors the production process and investigates child labour accusations.

IX. Conclusion

CSR as is practiced in India is in an evolutionary stage. In the past CSR initiatives adopted had a philanthropic approach, but in more recent times a stakeholder oriented model is witnessed^[11]. It is being increasingly realised by the people that the government alone cannot address all the issues facing the country; and the corporate sector with vast resources, financial, human, and technological or knowledge, has an important role to play in this regard.

CSR initiatives specifically targeted at children are changing from being merely doling out aid to active participation in the development process^[12]. Child rights organisations need to remain vigilant and pro-actively

build partnerships with such companies in creating sustainable processes which have positive impact on children's rights. Moreover, the efforts should lead to the formation of an action plan with a well-defined strategy on how to engage with the stakeholders so as to completely eradicate child labour in production processes, supply chains and also in subcontracting.

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