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# THE MOST IMPORTANT PEOPLE IN THE WORLD

## IKEA's broadening perspective on the best interest of the child

*As IKEA has engaged around children's rights and child related issues over the years, they have progressively broadened their perspective on how IKEA does, can and should impact children - through its product range, supply chain, retail operations, and corporate advocacy - and separately through the work of IKEA Foundation, too. IKEA's journey underlines the importance of openness to criticism, continuously learning, cross-fertilisation across the business and with external partners, and clear principles for action. It also highlights how, in collaboration with other stakeholders, companies like IKEA can use the Children's Rights and Business Principles to turn values into practice.*

## BRINGING CHILDREN INTO FOCUS

Children are evident everywhere in IKEA today: in the range of toys and furnishings for children and the way they are designed, in the pictures of the home delivered to over 200 million people annually through the IKEA catalogue, in the play areas in its stores, through the IKEA supply chain to address the root causes of child labour, in the work of the IKEA Foundation, and in the frequent statements by IKEA leadership that "children are the most important people in the world."

Children were not always so front and centre in IKEA's thinking and action. In 1976, IKEA's founder, Ingvar Kamprad, set out in The Testament of a Furniture Dealer his "ideas that have made and will continue to make IKEA a unique company." In it the roots of IKEA's environmentalism, employee relations, and focus on "the many

people" are clear. But in the tract the Guardian newspaper has called the IKEA "gospel," there is no explicit mention of children. Similarly, people began to appear alongside pictures of furniture on the cover of the IKEA catalogue in 1970 (a cat made its debut in 1957, and a dog in 1976). But children didn't appear until 1980, and then only rarely until they began to be featured more regularly on catalogue covers some two decades later.

*Children are evident everywhere in IKEA today, having become increasingly front and centre in the company's thinking and action.*

Children, of course, were included within IKEA's worldview all along. In the farmlands of Småland in Southern Sweden where IKEA was founded, life without children would be unimaginable. Sweden

The Global Child Forum (GCF) 9 benchmark indicators help track the variety of ways in which companies work with children's rights. Examples from IKEA's experience will be highlighted throughout this report.

is typically at the top of any list of countries for its family-friendly social policies. And even in 2000, 70% of Swedish families had two or more children. So we can well imagine children as part of Kamprad's commitment to "a better everyday life."

IKEA's relationship to children's rights and child related issues has therefore not been characterized by revolutionary or abrupt changes. Rather, it has been a journey towards bringing the rights and needs of children into increasingly more explicit focus. This evolution has been driven both by business factors - the need to understand the full meaning of "family" and "home," for example, as IKEA grew its product range and expanded globally - and by societal ones - for example, growing public attentiveness to child labour.

*IKEA's relationship to children's rights and child related issues has been a journey towards bringing the rights and needs of children into increasingly more explicit focus.*

As IKEA co-workers have over the years engaged around these issues, they have progressively broadened their perspective on how IKEA does, can and should impact children through its products, supply chain, retail operations, philanthropy, and more recently, its internal and external advocacy around the Children's Rights and Business Principles. IKEA has arrived at a place where its leadership will comfortably state that "children are the most important people in the

world" and that "the best interest of the child" should inform all business decisions. Getting there has drawn on IKEA's culture of questioning and experimenting in "constant search for development and improvement" - helping it to develop a more holistic perspective on how it can best protect, and promote the interests of, children. It has also drawn on IKEA's culture of "doing as much as we need to" in order to meet the commitments it has made - helping the company to move from values to principles of action to more formalised ways of working around children's rights and child related issues.

## "THE MOST IMPORTANT PEOPLE IN THE WORLD"

"Everything at IKEA," explained one manager, "begins with 'the range'" - the products that IKEA offers for sale, and which Kamprad called "our identity." IKEA of Sweden, which designs and delivers products to IKEA stores and customers, divides the range into 20 or so business areas including, for example, kitchens, living rooms, and lighting. Each business area is responsible for its own product development, supply chain, and marketing. IKEA had already for a long time made products for children, for example, child-sized beds that were part of the bedroom range. But by the 1990s, IKEA had grown in terms of both product numbers and sales volumes to where the

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children's range was consolidated into its own business area, with a focus on children from infancy

through age seven. The business area was created in 1994, with its first launch as a complete offering for the home in 1997. An additional focus on children from ages 8-12 was added in 2013. While it is a “medium sized” business area within the company, Children’s IKEA has always been successful, proving particularly popular, for example, when new stores are opened.

The establishment of a distinct children’s business also created a dedicated team of people - there are currently about 65 people in the business area - whose job it became develop the range of products from the child’s perspective. Early on, safety became one critical focus. Not long after the creation of the business area, Children’s IKEA was confronted with the product recall of their SNUTTIG teddy bears. The plastic beads inside of the bears could come out of the seams, posing a choking hazard to young children who might swallow them. Thankfully there were no incidents, but it highlighted for the team that, often, only following external product safety standards was insufficient to protect children.

The team developed a zero tolerance approach to health and safety risks, becoming experts in foreseeing the dangers children might face and the trouble they might get into. Commitment to safety would become a “precondition” for being in the business of providing home furnishings for children. The team instituted “gate checks” for the design of and materials used in children’s products. Human error would be accounted for, too. For example, in workshops that produce IKEA soft toys, routines are required so that when a sewing machine needs a new needle, the broken one needs to be accounted for before a new one is installed, lest the broken shard end up in a toy. Toys will even then go through metal detection three times during the production process. Additionally, if any country in which IKEA sells its products raises a safety standard, the new standard is applied to all products sold in all countries; there is never a

product sold at a lower standard simply because the law would allow it.

Beyond the management of safety risks, the team became the rallying point for a growing and regularly renewed network of childhood specialists, including doctors, sociologists, and child development experts. “Being a parent,” noted one team member, “doesn’t make you an expert on children.”

### *The focus is on seeing products through children’s eyes.*

Because IKEA develops its own ranges, and because its philosophy of offering a select range of products to a global audience allows it to spread development costs across large numbers of sales, this expertise can be deployed for even the simplest of products. For example, IKEA magic markers are offered in bold colours especially attractive to children; their caps have holes to prevent asphyxiation should they be swallowed; the magic markers are specially formulated to not dry out when children forget to put those same caps back on; and they are safe to eat, should a child decide to do so. When IKEA developed a juggling set, it even engaged circus performers to advise on the ideal weight and colours for beginning jugglers.

The focus is on seeing products through children’s eyes. Where some companies may market mobiles to be hung over baby cribs that are attractive to parents, for example, IKEA’s mobiles on the advice of its experts feature sharp contrasts that stimulate the baby’s eyesight. As understanding of gender and identity has evolved among child development specialists, IKEA markets fewer and fewer products with any specific gender focus, as any item might appeal to any child as part of “how kids explore their identity and how they fit into the world.” IKEA’s child-focused team helps it bring to market products that are not only

child safe, but which aspire to affirmatively contribute to children's development and well-being.

Competencies and sensibilities developed for the children's range are absorbed by other business areas. Seeing the home through the child's eyes meant understanding that children would come into contact not only with products designed for them, but also with coffee tables, sofas, dressers, and window coverings. Sharp edges could be avoided across the IKEA range at child height; sofas could have more child-proof covers; and tall dressers could be attached to the wall lest a child decide to climb up them. As of 2016, IKEA will no longer sell window blinds or coverings with cords, due to the strangulation risk for children. This entailed substantial redesign of some products, such as a cellular blind with non-accessible cords, and the elimination of others, as no safe alternative to cords has been found, for example, for venetian blinds.

Beyond safety in the home, children are increasingly more explicitly acknowledged in other product ranges. Kitchens, for example, now feature child-friendly designs that allow children to share the kitchen space and participate in cooking; indeed IKEA invited children into the design studio to develop a "kitchen by kids" that brought "lots of playful elements into a fully functional kitchen." This is not entirely new thinking within IKEA. Even in the 1980s, the catalogue featured children jumping on a sofa, formerly the domain of grownups or children sitting quietly. But a focused effort to understand the home from the child's perspective has helped IKEA more explicitly articulate and put into action a global perspective: that home is the most important place in the world, and children the most important people in it.

## "THE BEST INTEREST OF THE CHILD"

While IKEA's business was changing, so too was the world around it. The United Nations Convention on the Rights of the Child, which 196 countries have ratified, entered into force on 2 September 1990. In the words of the United Nations Children's Fund (UNICEF), the convention "changed the way children are viewed and treated - in other words, as human beings with a distinct set of rights instead of as passive objects of care and charity." A decade later, Convention No. 182 on the Worst Forms of Child Labour of the International Labour Organization (ILO), which 180 countries have ratified, entered into force on 19 November 2000. In the words of the ILO, "Convention No. 182 helped to focus the international spotlight on the urgency of action to eliminate as a priority the worst forms of child labour, without losing the long term goal of the effective elimination of all child labour." These international agreements punctuated an era of increasing public scrutiny of issues affecting children.

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International attention to child labour in particular would catalyse changes within IKEA. Kamprad had stated that "The first rule is to maintain an extremely low level of prices;" and IKEA had long sourced textiles from Southeast Asia, in part because it helped to achieve this end. Then Swedish Television aired the film *The Carpet* in the spring of 1994. As reported by *Newsweek*, the film "showed kids chained to weaving looms in Pakistan, and cited IKEA as a customer." Only a year later, a German documentary linked IKEA (in what turned

out to be a fabricated story) to child labour in India. A couple of years later it was more allegations of children working in the IKEA supply chain in the textiles industry in India, and a news report of an

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IKEA wicker supplier employing children in the Philippines.

These experiences were “a real eye opener” for IKEA. A commitment to affordability was never meant to include exploitation of any worker, let alone children; low prices should not mean “at any price.” On the contrary, IKEA management believed the company could, even in its supplier relationships, stay true to the ideals of “not just consideration and respect for our fellow men and women, but also kindness and generosity.” “This is not,” people wanted to think, “the company we work for.” Yet leadership came to realize that, “It’s too easy for a company to fall into a comfort zone. Then something shakes you up and you realize that you were in denial on some things.” It was also an untenable business proposition to be running from crisis to crisis around the world, terminating supply contracts when child labour problems were found or companies refused to implement better policies.

GCF Benchmark Indicator 1 at work:

### CHILD LABOUR POLICY

IKEA’s approach to child labour evolved through three distinct phases. The first was based on a desire not to be associated with child labour, as highlighted in the media reports implicating the company. In 1994, IKEA “inserted five lines into supplier contracts” with the intention to “stop child labour” in its supply chain. It was a

fundamentally rules-and-compliance orientation towards IKEA suppliers.

At the same time, IKEA reached out to UNICEF and Save the Children for insight and expertise. It quickly became apparent that child labour was a far more complex issue than one of suppliers deciding, or not, to hire children. Indeed, the “zero tolerance approach” appropriate to health and safety risks in the children’s range could have unintended negative consequences when applied to child labour. Children could be removed from an IKEA supplier only to be pushed into an even more dangerous work setting; the abandonment of suppliers in countries or regions where child labour was prevalent – the easiest solution from a reputation risk management perspective – would make it all the harder for families to provide education and other opportunities for their children, reinforcing the inter-generational cycle of child labour. If IKEA genuinely wanted to help children, it would need to adopt a far more holistic approach.

GCF Benchmark Indicator 7 at work:

### COLLABORATIONS WITH CHILD ORGANIZATIONS\*

IKEA, together with UNICEF and Save the Children, pilot tested a child code of conduct in Asia beginning in 1998 that developed into the *IKEA Way of Preventing Child Labour*, introduced across the business in 2000. In it IKEA commits not to accept child labour. The approach combines compliance measures with remedial action that focuses on “more viable and sustainable alternatives for the child’s development,” usually meaning that a child found working for an IKEA supplier be provided a schooling opportunity.

\* For more detailed information on the indicators, please see the guiding document “*The Global Child Forum Corporate Benchmark Indicators*”, available on Global Child Forum’s website, [www.globalchildforum.org](http://www.globalchildforum.org)

The *IKEA Way of Preventing Child Labour* also commits the company to actively work against child labour.

The IKEA Foundation (Stichting IKEA Foundation) is the philanthropic arm of INGKA Foundation, the owner of the IKEA Group of companies. The IKEA Foundation supports organisations and charities that promote children's rights and address the root

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causes of children in the workforce, such as indebtedness in marginalized communities, adult un-employment, poverty, disability and ill health, and children's lack of access to quality primary education.

IKEA progressively shifted from thinking from the company perspective - making sure IKEA didn't have children in the supply chain, a reputation risk - to thinking from the perspective of the child at risk, whether or not working for an IKEA supplier. The company launched the IKEA Social Initiative in 2005 with UNICEF and Save the Children. Projects focus on creating awareness and mobilizing rural communities around strategies designed to prevent child labour, particularly in India's "carpet belt" and in the cotton growing regions of India and Pakistan where IKEA has traditionally sourced many products. In these areas IKEA has helped to establish women's self-help groups, which provide both education and income from embroidering cushions that are sold in IKEA stores. As a ten-year commitment, IKEA intended its contributions to help "to create a safe

environment for children" through improved access to education and healthcare as well as decent family incomes.

In its most recent phase, the company is updating the *IKEA Way of Preventing Child Labour* to more proactively support young workers in their school-to-work transition. This represents a new level of risk-taking for the company. Over 40% of youth in the ages 15-24 are unemployed globally; the rates are 50% in Spain and Greece, underlining that this is a developed, as well as a developing, country challenge. On the one hand, if employment of young workers (defined by the ILO as 15-18 year olds) is not supported in appropriate ways - for example, through apprenticeships - then these young adults are more likely to become employed in the worst forms of child labour, and are less likely to find their ways into jobs that will support their future families and children. On the other hand,

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encouraging employment of young workers creates a greater possibility that inappropriate child labour will occur on the premises of IKEA suppliers, as it is harder to manage young workers well than to simply exclude all under-18s from the workplace. Yet the benefits to children clearly outweigh the risks to IKEA, and so the company moves forward.

IKEA's evolution of its approach towards child labour has only been possible, managers reflect, because of a changed relationship of the company

to its suppliers over the years. As important as child-related issues are to IKEA, they will always also be important to a number of manufacturers in the markets from which IKEA sources its products. The company seeks out these suppliers “that share IKEA’s vision and ambition,” including in relation to children’s rights and child related issues. IKEA then develops “deep and intense contact” with a small number of them (relative to IKEA’s size and product range); IKEA also works towards longer-term supplier relationships, which currently average 11 years.

IKEA has not neglected monitoring systems, including by independent third parties - over 1000 supplier audits are conducted each year, more than 700 of them unannounced, and some 350 additional child labour audits are carried out annually in high-risk areas. Since 2012, IKEA has also trained its direct suppliers to perform IWAY audits at their critical sub-suppliers, helping to ensure that requirements on the prevention of child labour are fulfilled further along the supply chain. Compliance, though, has come to be seen “as the

GCF Benchmark Indicator 6 at work:

REFER TO INTERNATIONAL STANDARDS

last step, not the first” in addressing child labour. IKEA and its partners discuss not only contractual and legal compliance, but the “whys” and the “hows” of protecting children within each local context, building from a foundation of shared values. A sense of “everyone working together,” reflected one manager, “is the most important element of bringing about change.”

The long-term collaboration with suppliers, UNICEF and Save the Children, and the holistic approach towards issues of child labour that has progressively unfolded, have evident impact beyond IKEA’s supply chain. UNICEF advocates

that, with the virtually universal adoption of the United Nations Convention on the Rights of the Child, “any decision that is made, or any action that is taken, that may affect children must prioritise the best interests of the child, always.” Similarly, the first core value of Save the Children is that it “takes a child’s view of the world and always works in the best interest of the child.” Within IKEA, this language was initially reflected in its child labour prevention policy: the first guiding principle of supplier relationships is, “What is in the best interest of the child?” But those words have progressively imbedded themselves in management thinking throughout the company.

## MORE LEVERS FOR POSITIVE CHANGE

These two streams of thinking and action have “merged and reinforced each other” within IKEA to produce a clearer perspective on children’s rights and child related issues. The formulation of IKEA’s brand identity through its product range led IKEA to seek expert insight and become well versed on

*A focus on the child increasingly informs the company’s retail operations, its community involvement and its philanthropy.*

the special needs of the child at home, whether at play, eating, doing schoolwork, getting dressed, socializing, washing, relaxing, or sleeping. This moved IKEA towards an understanding that “children are the most important people in the world.” What began as reputation risk management in IKEA’s supply chain led it to build partnerships with children’s organizations and become more expert on the child in society, including the impact on the child of the availability of education, healthcare, and secure family incomes. As a result, IKEA came to commit to a

more expansive, and far more holistic, view of “the best interest of the child.” These complementary understandings have achieved broad currency within IKEA. The attendant focus on the child increasingly informs the company’s retail operations and its community involvement, prompting IKEA to protect and improve the lives of children beyond the confines of its products and supply chains.

In 2015, people made 771 million visits to 328 IKEA Group stores worldwide. The stores are designed to be convenient for families with children, beginning with family parking, family

GCF Benchmark Indicator 8 at work:

### DRIVING STRATEGIC PROGRAMS

toilets, and baby changing rooms. Parents find the Småland supervised children’s play room near IKEA’s entrance, as well as play opportunities around the store – particularly near areas like the kitchen design centre, where grownups may linger and children become bored. The IKEA restaurant has children’s size meals, bibs and children’s cutlery, as well as space for strollers and high chairs. Stores are designed to be safe for children, with any sharp objects, dangerous tools, or small items that might pose a choking hazard kept at least 1.2 meters above the floor, and all larger items and electrical devices secured if there is a possibility of tipping. The stores are also managed to be welcoming to children, who are invited to climb on the furniture, play with the products, or sleep in the beds.

Child-friendly policies are of course good for a business that focuses on families. But the quality of execution reflects IKEA’s expertise in thinking from a child’s perspective. “Although we’d always welcomed children at IKEA,” reflects an overview of the children’s business area, “we only introduced the idea of completely child-friendly stores – from

the car park to the exit doors – when Children’s IKEA came along. Now, it’s one of things we’re famous for.” It is a pre-requisite for anyone responsible for the IKEA store environment that they attend the IKEA Children’s School, a two-day training programme focusing on child safety and development needs. The Children’s School is managed by the children’s business area, and rolled out through an extensive train-the-trainers programme across IKEA.

*IKEA increasingly looks beyond the doors of its own operations into the communities in which its co-workers and customers live, focusing on children.*

Child safety and well-being extend to IKEA’s communications. Under its internal guidelines, marketing and advertising directly to children (people under the age of 18) is not allowed. This is based on the understanding that “marketing and advertising aimed at children can distort their view of the world and can even affect their physical health. For example, marketing of food and drinks that are high in fat and sugar has been linked to the rise in childhood obesity.” Even communications to adults should “promote a healthy lifestyle for children, for example healthy eating and development through play.” Where a child before might have been portrayed eating a hotdog, she is now shown happily munching on a carrot. Similarly,

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staging of furniture in advertisements and stores reflects safe practices, for example, not putting furniture under windows that children can fall out of, or not allowing gaps between pieces in which a child's head might become stuck. In 2015, IKEA printed 213 million catalogues and received 1.9 billion visits to IKEA.com. For its readers and visitors, IKEA marketing can help present child safety and healthy childhood development in attractive ways.

IKEA increasingly looks beyond the doors of its own operations into the communities in which its co-workers and customers live. IKEA's community

### GCF Benchmark Indicator 2 at work:

#### ADDRESSING OTHER CHILDREN'S RIGHTS ISSUES THAN CHILD LABOUR

involvement activities are meant to respond to local needs, "preferably focusing on children." Depending on the local context, these activities can take different forms. In Minnesota in the USA, the priority is to support organizations that address children's homelessness, children's education, and children's hunger. In Japan, IKEA supports Save the Children's promotion of positive parenting to IKEA customers and co-workers, building from the principle that children learn more through co-operation and rewards than through conflict and punishment. "It is important that the company not tell parents what to do," but it can be helpful to provide a platform for discussing alternatives. There is a business purpose in such community involvement activities: they contribute to "co-workers feeling proud of the IKEA Group as an employer and help position the IKEA Group as a responsible company." But in the end there's nothing wrong with being able to say, "We don't only make things - we make things better.

Set up in 1982, the IKEA Foundation was initially directed only towards architecture and interior design, making grants, for example, to the Lund Institute of Technology in Sweden. In the wake of IKEA's struggle to come to terms with child labour in its supply chain, the Foundation in the 1990s and into the 2000s began to take a more expansive role in addressing education, women's empowerment, and strengthening of child protection systems near supply chain communities, expanding its vision to "a world where children living in poverty have more opportunities to create a better future for themselves and their families." The Foundation in 2009 again expanded its scope, taking on a broader mission of improving four fundamental areas of a child's life - a place to call home; a healthy start in life; a quality education; and a sustainable family income - in some of the world's poorest communities. For example, starting in 2003, IKEA Foundation's Soft Toys for Education campaign donated €1 to Save the Children and UNICEF for every soft toy or children's book purchased at IKEA in November and December. For the last year of the campaign in 2015, IKEA ran a competition to let children design the toys, with IKEA designers turning their drawings into the patterns for the new collection. The campaign raised €88 million over 12 years. Housing for All Foundation, a non-profit organization established by the IKEA Foundation, has collaborated with IKEA and the UN Refugee Agency (UNHCR) to design and distribute flat-pack shelters for refugees that are more durable

### GCF Benchmark Indicator 9 at work:

#### CHARITY RELATED TO CHILDREN'S RIGHTS

and dignified than tents, can be easily shipped, and can be built in a few hours. Where appropriate, the Foundation donates IKEA products, as when it

provided UNHCR 100,000 IKEA mattresses, quilts and quilt covers to help refugees in Iraq.

While donations provide needed support in an emergency, IKEA Foundation's long-term focus is creating better opportunities for children. In Ethiopia, funds from IKEA Foundation have helped UNICEF reach children in rural farming

*The IKEA Foundation's long-term focus is catalytic impact, helping to ensure a place to call home, a healthy start in life, a quality education, and a sustainable family income for more and more children in parts of the world where the need is greatest.*

communities with basic education. The flexible schooling model is now being rolled out nationally by the Ethiopian government. In China, IKEA Foundation funding helped UNICEF develop early-childhood development centres for disadvantaged children living in rural communities. The example set by these centres contributed to the Government of China's decision to universalize preschool education. IKEA Foundation's support has helped Save the Children, together with education authorities and civil society organizations, support policy reform and practices to ensure that children from minority groups learn in a language they understand in Bangladesh, the Philippines and Vietnam. The hope is that these efforts will help in "turning the cycle of poverty into a circle of prosperity" for more and more children.

## LEVERAGING THE IKEA BUSINESS MODEL ON BEHALF OF CHILDREN

IKEA has undertaken a relatively comprehensive approach to children's rights and child related issues as it progressively broadens its perspective on how IKEA does, can and should impact children. Managers were asked to describe in practical terms how IKEA has been able to put into practice its guiding principles that "children are the most important people in the world" and that decisions be made in "the best interest of the child." They reflected that it would probably not have been possible to address children's rights or the promotion of children's welfare as "bolt-on" issues or "something we just have to do" within the IKEA culture; issues perceived as peripheral receive scant resources and even less attention. Rather, change happens "through the business." IKEA pursues its vision for children by keeping it fully within the company's mainstream, utilizing principles and practices that are already well-understood and well-accepted across the company.

Change is typically initiated within IKEA because someone has seized the moment. In an article in MIT Sloan Management Review, Jérôme Barthélemy characterized the company's strategy development as "logical incrementalism." IKEA has a clear but general vision. Specific strategies are then incrementally developed, both proactively in light of newly-perceived opportunities (as was the case for Children's IKEA), and in reaction to unexpected circumstances (as was the case for IKEA's supply chain policy).

Companies that follow this process of strategy development, Barthélemy argues - rather than trying to develop a master plan and then working to implement it - are particularly good at turning problems into opportunities. IKEA's now iconic in-house design emerged because, in the 1950s,

IKEA was stopped by a Swedish retail cartel from buying the same furniture pieces sold to other dealers (so people couldn't find a lower price on the same item at IKEA); it moved its production to lower-cost countries when local furniture manufacturers, under pressure from the same cartel, refused to sell to IKEA altogether. "In IKEA's business philosophy," said Kamprad, "new problems create dizzying chances." So IKEA was open to seeing the increasing attention paid to children's issues – even by its critics – as a chance to uncover new business opportunities.

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Change within IKEA then happens through a process of experimentation and progressive development. Children's IKEA did not start off helping to design child-friendly stores, influencing the design choices of other product ranges, or engaging with the Foundation to motivate customers to support vulnerable refugee children; the children's business area started with the development of its range and then expanded its circle of influence incrementally. Similarly, supply chain management progressed from ad hoc terminations of contracts when child labour was found, to contractual clauses prohibiting child labour, to an understanding of the need to address the root causes of child labour if it was to be eliminated from IKEA products, to, most recently, changes underway to better enable young people who are legally able to work to access decent jobs with appropriate support. In part because senior leadership does not have to sign off all at once on a comprehensive plan, IKEA co-workers are given "a wide frame in which to work." They are then expected to revisit current practice, reflect on it,

and find ways to improve it. This means, joked one manager, that "a couple of stubborn people" could keep at the problems of child labour until sensible and sustainable approaches for addressing it were found.

IKEA's step-by-step approach – not assuming that it necessarily knows what the next step should or will be – appears to help make the company particularly open to advice and expertise from outside the company, both on where to go next, and how. Children's IKEA finds it natural to engage in continuous learning, for example, commissioning for its Play Report 2015 the world's largest research study on child development, parenting, family life and the importance of play. Some already see the insights in the report moving IKEA towards a new focus on "playfulness" in the home. From a supply chain perspective, management turned to UNICEF and Save the Children for understanding of a complex problem, frank assessment of IKEA's performance and advice on dealing with its child labour crisis – building relationships that have now endured and deepened for decades as the organizations explore together how best to meet the needs of vulnerable children in difficult places. In a company that values relationships and informal networking as well as formal systems for managing and sharing learning, new ideas can be taken up relatively quickly from team to team and place to place.

*IKEA's step-by-step approach appears to help make the company particularly open to advice and expertise from outside the company.*

At some point, changes in IKEA's perspective and strategy become imbedded in new organizational routines. One manager noted that part of IKEA's child labour problem in the 1990s stemmed from the fact that there was a culture that certainly frowned on the exploitation of children, but no

systems to put that thinking into dependable action. “Complicated rules paralyse,” but no rules leave few avenues for systematically strong performance across some 9500 products, 1000 suppliers, and 375 stores. At only three pages, *The Ikea Way on Preventing Child Labour* is an example of a relatively simple but thoughtful set of principles and required processes that help to ensure that IKEA and its suppliers share expectations on how child labour can and should be prevented.

In this way, bright lines in the organization emerge from experience, experimentation, and expert advice: no child labour, no presentations of unsafe furniture arrangements, no marketing to children. Responsibilities for implementation rest primarily with the relevant business unit; for example, the key performance indicators (KPIs) around child labour are carried by the purchasing function, not the sustainability team. This feeds into a culture of monitoring and measuring results. Audits and checks – whether within IKEA or with its suppliers – in this context help to answer the question, “Do we do what we say we do?”, motivated not by an enforcement mentality but by a desire for greater understanding and better performance.

Once imbedded in organizational routines, changes become a matter of values, identity, and pride. Concepts like “the best interest of the child” at some point “go without saying” because they have been “said and talked about 1000 times.” A course of action has been set, and IKEA is “does all it needs to do,” organizing itself and allocating resources to achieve ambitious goals. It is not enough for IKEA to have low prices, for example; the company tries to “always have the best value-for-money offers for every function” and “breath-taking offers.” This determines its design, manufacturing, and many other practices. Similarly, once a decision was reached to engage around climate change, IKEA committed €600 million for investment in renewable energy – the company

will, by 2020, produce as much energy from renewable sources as it consumes in its buildings.

IKEA Foundation also announced its own commitment of € 400 million to help support climate action in some of the world’s poorest communities. IKEA Foundation’s philanthropy in favour of children and their development is also at a scale to be substantive rather than symbolic: The IKEA Foundation is the largest corporate donor to UNICEF, Save the Children, and UNHCR.

*While IKEA’s management philosophy and practices have shaped its approach to children’s rights and child related issues, it is noteworthy that the company’s approach towards children’s welfare has also shaped its management practice.*

At the same time, no detail becomes too small: “child friendly stores” is not just a concept, but a set of comprehensive guidelines down to the requirement that baby food be available in the IKEA restaurant.

While IKEA’s management philosophy and practices have shaped its approach to children’s rights and child related issues, it is noteworthy that the company’s approach towards children’s welfare has also shaped its management practice. IKEA’s collaborative and longer-term interactions with suppliers, for example, were deepened by its work around child labour. IKEA has learned that those relationships also help it ensure the quality, availability and affordability of its products, alongside social performance in areas such as children’s rights. Supplier relations based on shared values are now “part of the IKEA concept.” Similarly, the company’s experience working with outside experts such as UNICEF and Save the

Children, building an increasingly holistic understanding and approach to the elimination of child labour and support of young workers, informs its approach to other complex issues, such as fair wages, migrant labour and climate change. Knowing that it can make progress through deep understanding and incremental action has helped IKEA “develop the confidence to tackle big challenges” and “move into grey areas.”

## THE CHILDREN’S RIGHTS AND BUSINESS PRINCIPLES AS A TOOL FOR ACTION

As far as IKEA has come towards recognizing children’s rights and acting on child related issues across its business, IKEA co-workers will be the first to say that they are still on a journey. For

*IKEA mapped its progress against the Children’s Rights and Business Principles, allowing for a “structured conversation” across the company about its aspirations and its performance with respect to children’s rights and child related issues.*

example, that while the IKEA catalogue features a child with a carrot, stores sell candies from bulk bins positioned at child height, opening a discussion of whether and how candy should be sold. Such self-criticism is in part a function of culture. In IKEA, people “always talk about where we’ve disappointed people and how we can do better. When we have a particularly good triumph, you’ll hear someone say: ‘Okay, we’ll take one minute now for satisfaction, and then move on.’” Or, as Kamprad said, “happiness is not reaching your goal. Happiness is being on the way.”

IKEA’s humility is also a function of rigorous self-assessment. Save the Children, the United Nations Global Compact and UNICEF developed the Children’s Rights and Business Principles to more clearly describe where and how business might impact children. The Principles were released in 2012, with IKEA part of the reference group for their development. The company then undertook an internal assessment, talking with people inside and outside of IKEA to map its progress against the Children’s Rights and Business Principles.

GCF Benchmark Indicator 5 at work:

MATERIALITY  
ASSESSMENT

IKEA’s self-analysis allowed for a “structured conversation” across the company about its aspirations and its performance with respect to children’s rights and child related issues. This brought up questions for reflection. The process was instrumental, for example, in the re-examination of the *IKEA Way of Preventing Child Labour* as it related to workers between the ages of 15 and 18. Some 73 million youth ages 15-24 are unemployed globally. The company said it supported young workers, but what was it actually doing? Could policies actually be inhibiting young workers by creating incentives for IKEA suppliers to exclude them from the workplace? Gaps in data and understanding were uncovered, and new approaches developed.

*IKEA’s philanthropy is important, but it can do the most good for children “working through the business.”*

Across the business, “the Children’s Rights and Business Principles and the analysis tool from UNICEF and Save the Children really helped us to focus and look at every aspect of our business through the lens of supporting children’s rights.” For each aspect of the business – from purchasing

land to global human resources policy to the hotels. IKEA team members stay with on business trips - colleagues could reflect on the relationship of their work to children's welfare and determine where the company could do better. The output was "not one master plan," but a set of "mini-plans" that allow progress to be made across the business, at variable speed, "focusing on the areas where we know we can do more." IKEA will also build its capability to capture performance data, so that it can develop further goals and share best practice in a systematic way. This is all part of the understanding that IKEA Foundation's philanthropy is important, but that IKEA the business can do the most good for children "working through the business."

A particular emphasis area for IKEA moving forward will be its external advocacy, consistent with its responsibility under the "corporate commitment to support" of the Children's Rights and Business Principles to "seek to advance human rights, including children's rights," through activities that include "advocacy and public policy engagement." IKEA managers recognize that there are challenges in being a corporate activist

for children's rights and child related issues. "People are to some extent afraid to talk about children's rights - they're afraid to make mistakes." The issues a company talks about also "need to be real, and be close to the business," both for external credibility and to mobilize and maintain internal support. But on problems as large as the more than 100 million children globally not attending primary school, or the more than 150 million child labourers aged 5-14 worldwide, much more work is needed. Whereas at the beginning of the journey IKEA might have doubted that it had influence over issues as large and complex as child labour, it has come to understand that it does, in fact, have capacity to help affect positive change; it may "take small steps," but it "keeps going." IKEA also understands that, to live up to its own commitment "to create a better everyday life for children" everywhere, it will increasingly need to build and leverage its relationships with suppliers, customers, peer companies, civil society and governments, helping them to take effective action as well. It is only through *kraftsamla* - concentrating everyone's efforts to accomplish things together - that there will be results.

*GCF BENCHMARK INDICATORS AT WORK:*

While not all activities were highlighted in the case story, a GCF assessment found IKEA performing against all of the 9 benchmark indicators.

SCORECARD		Company	Globally
Indicators		IKEA	All industries
1	Child labor policy	✓	66%
2	Addressing other children's rights issues than child labor	✓	40%
3	Performance reporting <sup>1</sup>	✓	44%
4	Board accountability <sup>2</sup>	✓	24%
5	Materiality assessment	✓	28%
6	Refer to international standards	✓	57%
7	Collaborations with child org.	✓	44%
8	Driving strategic programs	✓	60%
9	Give to child related charity org.	✓	50%
Total score		9 / 9 p	4 / 9 p

THIS CASE STORY WAS WRITTEN BY BRIAN GANSON FOR THE GLOBAL CHILD FORUM. IT DRAWS FROM INFORMATION PROVIDED BY IKEA AND PUBLIC SOURCES. ALL QUOTATIONS UNLESS OTHERWISE INDICATED ARE FROM IKEA MANAGEMENT INTERVIEWS AND COMPANY DOCUMENTS.