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- Background
- Company Development
- Issues and Problems
- Recommendations

Issues

- In May 1995 Marianne Barner faced a tough decision, as business area manager for carpet with the decision of cutting one of the company's Major suppliers of Indian rugs.
- A German TV station had just broadcast an investigate report naming the supplier as one that use child labor in the production of rugs made for IKEA.
- On one hand, she was urged to sign up to an industry wide response to growing concerns about the use of child labor in Indian carpet industry and give the "rugmark" logo for carpet certifying that made without child labor.

Problems

- The hard data from the India Government (1991), census figure over 11.3 million child labors
- From Human right watch estimate of between 50 million and 115 million child labors
- Child 5 years old in India worked in agriculture, mining, quarrying, and manufacturing, household servant, street vendors or beggars.
- From all of this total, an estimated 200,000 children worked in the carpets industry and working on the looms for small subcontractors
- In India, children could be bonded in order to pay off debts incurred by their parents (essentially placed in slavery), typically in the range of 1000-10,000 rupees (30-300\$)
- From the government side, they took a less absolute side on unlimited child labor. They prohibited the used of child labor

Background

- Founder of IKEA
- Start selling matches to his neighbors and continues selling afield, using his bicycle
- Start making his own business with his father's money (IKEA)



INGVAR KAMPRAD

IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor

Alexander Adhitya
Nitya Arfella
Zahra Maulida

Thecasesolution.com

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6 The most important person in the history of achievement. The motto is to never stop learning.

what can he do better tomorrow?

Ingvar Kamprad

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IKEA

- **Originally sells pens, wallets, picture frames, table runners, watches, jewelry and nylon stockings - meeting needs with products at reduced prices**
- **Expand selling furniture produced by local manufacturers**
- **First furniture showroom opens in Älmhult, Sweden on 1953**
- **IKEA expand the stores to USA, Italy, France and the UK**
- **IKEA expands into even more markets such as Japan and Russia. Everything for the bedroom and kitchen is explored and presented in coordinated furnishing solutions**

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Competitive Advantage

- IKEA has wide range of well designed, functional products at low prices
- Save quality products and range of price
- IKEA aims to reduce energy use, use more renewable energy
- Developing local responsibility
- Help customers on self-build products

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