Ethical Issues of Child Labor in Multinational Companies

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Introduction

Child labour is work that children are too young to perform or work that is hazardous, exploitative, or harmful to their health, safety, morals, education, or development. It must be distinguished from safe, age-appropriate tasks and regulated light work that do not interfere with schooling. The original essay correctly identifies poverty, weak enforcement, low-cost production, school exclusion, and multinational supply chains as important, but it overgeneralizes about India, treats child labour as almost entirely a developing-country problem, and implies that multinational companies directly employ most affected children. In reality, child labour is often hidden in agriculture, mining, informal workshops, subcontracting, family enterprises, domestic work, and lower tiers of global supply chains. According to the latest ILO–UNICEF estimates, about 138 million children were in child labour in 2024, including 54 million in hazardous work. Multinational enterprises therefore face an ethical responsibility that extends beyond their own factories to purchasing practices, suppliers, raw materials, recruitment, remedy, and the root causes that make families dependent on children's work.

What Counts as Child Labour?

Not every form of work performed by a person under eighteen is prohibited. International standards allow some light work within specified age ranges when it is safe and does not interfere with school, health, or development. Child labour includes work below the legal minimum age and hazardous work for anyone under eighteen. The worst forms include slavery, trafficking, debt bondage, forced recruitment for armed conflict, commercial sexual exploitation, illicit activity, and work likely to harm health, safety, or morals. This distinction matters because policies should protect children without criminalizing ordinary household responsibilities, safe apprenticeships, or limited work that can build skills under lawful conditions.

The Current Global Scale

The 2024 global estimates produced jointly by the International Labour Organization and UNICEF found approximately 138 million children aged five to seventeen in child labour, representing about 7.8 percent of children in that age range. Around 54 million were engaged in hazardous work. The number declined substantially from 2020, showing that progress is possible, but the world did not meet the Sustainable Development Goal target of ending child labour by 2025. The burden is uneven.

Child labour is especially prevalent in fragile, conflict-affected, poor, and rural settings. It also exists in wealthier countries through agriculture, domestic service, informal employment, family businesses, sexual exploitation, and illegal markets.

Where Child Labour Occurs

Agriculture accounts for the largest share globally, including work on family farms, plantations, livestock operations, fishing, and raw-material production. Other children work in mining, construction, manufacturing, street vending, domestic service, restaurants, workshops, transport, waste picking, and commercial sexual exploitation. Multinational brands may not see children at a first-tier factory because the risk lies farther upstream: cotton farms, cocoa production, mica mining, home-based stitching, informal recruitment, or subcontracted workshops. A polished final factory can conceal severe risk in earlier stages of production.

Poverty and Household Survival

Poverty is a central driver because families may depend on every available source of income. A child's earnings can pay for food, rent, medicine, or debt. Removing the child from work without replacing income may deepen hardship or push the work underground. Yet poverty alone does not explain variation. Social protection, school quality, labour demand, adult wages, discrimination, land access, conflict, and enforcement influence whether poor families rely on child labour. The ethical response must therefore combine prohibition with support, including income assistance, decent adult employment, school meals, healthcare, and affordable education.

Adult Wages and Business Purchasing Practices

Low adult wages can make child labour economically necessary for households. Multinational firms may formally ban child labour while purchasing goods at prices and deadlines that suppliers cannot meet without excessive hours, informal subcontracting, or underpaid labour. Responsible sourcing requires examining whether the buyer's own conduct contributes to the risk. Last-minute order changes, unrealistic lead times, price pressure, and abrupt cancellation can shift costs onto workers and families. A code of conduct is ethically weak when commercial departments reward the very practices that make compliance impossible.

Education Barriers

Children may leave school because of fees, uniforms, transport, language barriers, unsafe travel, poor teaching, inaccessible facilities, discrimination, household responsibilities, or the absence of nearby secondary education. Work can also cause irregular attendance, exhaustion, injury, and low achievement before full dropout occurs. Girls' unpaid domestic labour may remain invisible in employment statistics, while boys may be pushed toward paid work. Improving school access therefore requires more than announcing compulsory attendance. Schools must be safe, affordable, inclusive, and credible to families deciding among urgent needs.

Gender

Boys are counted more often in many forms of market work, while girls may perform domestic labour, caregiving, or hidden household production that surveys miss. Girls face particular risks in domestic service, early marriage, and sexual exploitation. Boys may be concentrated in hazardous agriculture, mining, construction, transport, or armed groups. Gender analysis should not assume one group is always more affected. It should examine which work is visible, which risks are normalized, and how discrimination shapes education and opportunity.

Conflict, Displacement, and Fragility

Conflict destroys schools, income, family networks, and public enforcement. Displaced children may lack documents, legal work status, or access to education, making them vulnerable to trafficking, recruitment, domestic labour, and dangerous informal work. The 2024 estimates show especially high child-labour prevalence in conflict-affected settings. Companies sourcing from fragile areas need enhanced due diligence rather than automatic withdrawal. Sudden disengagement can remove lawful livelihoods and increase exploitation. Decisions should prioritize children's safety, worker consultation, and responsible remediation.

Ethical Framework: Rights Rather Than Cheap Labour

The ethical objection to child labour begins with the child's inherent dignity and rights. Children are entitled to education, health, protection, development, rest, play, family life, and participation in decisions affecting them. A cost-benefit argument that treats low wages as a competitive advantage ignores these rights and transfers production costs onto children's bodies and futures. Even when a child says work is necessary, the surrounding constraint must be examined. Consent under poverty, debt, coercion, or lack of alternatives is not equivalent to a free adult employment choice.

Utilitarian Analysis

A utilitarian approach evaluates overall harms and benefits. Child labour may produce short-term income and lower prices, but hazardous work can cause injury, illness, educational loss, reduced lifetime earnings, intergenerational poverty, and public-health costs. Companies may gain temporary savings while facing legal, reputational, operational, and supply risks. Society loses human capability when children are denied education and healthy development. Even within a consequentialist framework, systematic child labour is difficult to justify because concentrated benefits to firms and consumers are purchased through long-term harm to vulnerable children and communities.

Duty-Based Ethics

Duty-based ethics emphasizes that some actions are wrong even when profitable. Children must not be treated merely as inexpensive means to production. Enterprises have a responsibility to respect internationally recognized human rights, including the principles embodied in ILO Conventions No. 138 and No. 182 and the Convention on the Rights of the Child. This duty applies independently of whether local enforcement is weak. A company cannot defend exploitation by arguing that a competitor would otherwise take the contract or that the practice is common in the region.

Justice and Distribution

Child labour raises questions of distributive justice. Consumers and shareholders receive lower prices or higher returns, while children and poor families bear the physical and developmental cost. Countries supplying raw materials may remain trapped in low-value activities, while lead firms capture branding and retail profit. Ethical supply chains should distribute value in ways that support living wages, public revenue, education, and safe employment. Justice also requires listening to affected children, families, workers, unions, and local organizations instead of designing solutions only from corporate headquarters.

International Legal Standards

ILO Convention No. 138 establishes minimum-age principles, while Convention No. 182 requires urgent elimination of the worst forms of child labour. The Convention on the Rights of the Child protects children from economic exploitation and work harmful to education or development. National laws translate these standards into ages, hazardous-work lists, schooling requirements, inspections, and penalties. Multinational enterprises must follow applicable law but should use international standards where local rules or enforcement provide weaker protection. Legal compliance is the minimum, not the full ethical objective.

The Corporate Responsibility to Respect Human

Rights

Under the UN Guiding Principles on Business and Human Rights, states have a duty to protect, businesses have a responsibility to respect, and victims need access to remedy. The responsibility applies to harms a company causes, contributes to, or is directly linked to through business relationships. The OECD Guidelines and ILO MNE Declaration similarly expect risk-based due diligence. A company should not wait for proof that every child in a supply chain has been harmed. It should identify where severe risk is likely, prevent it, track effectiveness, communicate results, and support remedy.

Mapping the Supply Chain

Due diligence begins by mapping products, suppliers, subcontractors, labour brokers, raw-material regions, home work, seasonal work, and informal production. Companies often know first-tier suppliers but not farms, mines, or workshops farther upstream. Risk mapping should use country, sector, product, season, migration, conflict, and recruitment indicators. Traceability tools can help, but digital records are not enough when documents can be falsified or informal work remains invisible. Local worker organizations, teachers, health professionals, and civil-society groups may reveal risks that audits miss.

Why Social Audits Alone Fail

Scheduled audits can encourage suppliers to hide underage workers, coach employees, falsify age documents, or move production temporarily. Auditors may lack language skills, time, independence, or access to home-based workers. A passing score therefore does not prove the absence of child labour. Stronger systems combine unannounced visits where lawful, worker interviews away from management, grievance mechanisms, purchasing-data analysis, community engagement, and long-term supplier development. Audit findings should be connected to corrective action rather than treated as a public-relations certificate.

Age Verification

Reliable age verification is difficult where birth registration is incomplete. Companies should use lawful, respectful methods that avoid invasive or discriminatory treatment. Multiple documents, school records, community verification, and trained assessment may be needed. Physical appearance is not reliable. Personal information must be protected. The purpose is to prevent underage employment while ensuring that young lawful workers are not excluded unfairly because they lack documentation.

Hazardous Work Assessment

Even adolescents above the general minimum working age must be protected from hazardous work. Risks include dangerous machinery, toxic chemicals, heavy loads, underground work, excessive hours, night work, violence, extreme heat, and tasks damaging to health or morals. Hazardous-work lists should reflect national law and international guidance, but workplace assessment must consider actual conditions. A job title that appears safe can become hazardous through hours, equipment, supervision, or exposure.

Remediation When a Child Is Found

Immediate dismissal can remove income and push the child into more dangerous work. Remediation should first protect the child from hazardous activity, assess safety and family circumstances, and create a plan for education or appropriate training. The company or supplier may need to replace lost income, pay school costs, arrange transport, and monitor progress until the child reaches lawful age. Decisions should involve qualified child-protection professionals and the child's views. Severe abuse, trafficking, or exploitation requires referral to competent authorities without exposing the child to retaliation.

Supplier Relationships

Companies need clear contractual standards and consequences, but automatic termination is not always the most responsible response. Where a supplier is willing and able to remediate, long-term improvement may protect more children than cancellation. Persistent concealment, coercion, or refusal to act may require suspension or termination. The buyer should also examine whether its own price or scheduling contributed. Responsible disengagement includes notice, consultation, and steps to prevent workers and children from bearing the cost.

Grievance Mechanisms

Children, families, and workers need safe ways to report harm. A hotline printed in a language children cannot read is inadequate. Mechanisms should be accessible, confidential, free, culturally appropriate, and protected from retaliation. Trusted local organizations can help. Complaints must produce timely investigation and remedy. Data from grievances should inform prevention, but privacy must be protected, especially where trafficking or sexual exploitation is involved.

Government Responsibilities

States must enact and enforce minimum-age and hazardous-work laws, provide birth registration, inspect workplaces, prosecute trafficking and exploitation, support education, and create social protection. Governments should regulate multinational and domestic firms consistently rather than relying entirely on voluntary codes. Corruption and weak enforcement can undermine protection, but international companies should not use that weakness as permission. Home-country laws increasingly require aspects of human-rights due diligence or supply-chain disclosure, adding another layer of accountability.

The Role of Unions and Worker Voice

Freedom of association and collective bargaining help adult workers improve wages and conditions, reducing pressure for children to work. Workers are also well positioned to identify hidden subcontracting and underage employment. Supply-chain programs that ignore unions may miss an important source of oversight. Worker voice should be continuous rather than limited to interviews during audits. Ethical sourcing supports industrial relations instead of treating labour representation as an obstacle.

Education and Social Protection

Ending child labour requires systems outside the factory. Cash transfers, school meals, healthcare, disability support, pensions, unemployment protection, and decent adult employment reduce household dependence on children’s earnings. Companies can contribute through taxes, responsible wages, community partnerships, and remediation, but they should not replace government or control schools for branding purposes. Public institutions provide universality and accountability that charity alone cannot achieve.

Consumer and Investor Responsibility

Consumers can ask for credible transparency, but responsibility should not be reduced to choosing a perfect product in a complex market. Investors, banks, buyers, and public procurement agencies have greater leverage to require due diligence and remediation. Ethical labels may help when standards are rigorous, yet they can create false reassurance. Stakeholders should evaluate the quality of a company’s process, purchasing practices, worker voice, and response to findings rather than accept a zero-tolerance slogan without evidence.

Measuring Progress

Companies should report more than the number of audits or suppliers trained. Useful indicators include supply-chain coverage, risks identified, children remediated, school retention, wage improvement, grievance outcomes, recurrence, purchasing changes, and worker participation. Public reporting must protect individual identities and avoid turning children's stories into marketing. Independent evaluation can test whether programs reduce harm or merely improve documentation.

A Responsible Corporate Action Plan

A multinational enterprise should adopt a board-approved policy, map high-risk supply chains, integrate standards into purchasing, train relevant staff, consult affected communities, and conduct ongoing risk assessment. It should strengthen age verification, hazardous-work controls, worker voice, and accessible grievances. When child labour is found, it should provide child-centered remediation and address the commercial pressures that contributed. It should collaborate with governments, unions, suppliers, and credible local organizations while reporting transparently. The plan must be resourced and connected to executive accountability.

Conclusion

Child labour is not simply a consequence of irresponsible parents or weak developing countries. It emerges from poverty, low adult wages, school barriers, discrimination, conflict, informal work, labour demand, and business practices across global supply chains. Nearly 138 million children remained in child labour in 2024, including 54 million in hazardous work, despite meaningful progress since 2020. Multinational companies may be connected to the problem through farms, mines, workshops, labour brokers, subcontractors, and purchasing decisions even when their own facilities employ no children. Their ethical responsibility is therefore to conduct risk-based due diligence, prevent harm, support remedy, improve purchasing practices, and address root causes with governments and workers. The aim should not be a clean corporate report achieved by dismissing children. It should be a durable transition from harmful work into education, protection, lawful opportunity, and family security.

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