Forum: United Nations Security Council (UNSC

Issue: Measures to address the offshoring, and outsourcing of businesses, their efforts to utilize lower wages, and its damage to economic systems and child labor.

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Introduction

Neoliberalism is contemporarily used to refer to market-oriented reform policies such as "eliminating price controls, deregulating capital markets,

lowering trade barriers" and reducing, especially through privatization and austerity, state influence on the economy. While the economic benefits of neoliberalism are universally acknowledged, its influence on human security is debatable, particularly in terms of equality and economic rights. The influence of free-market policies on a particularly heinous violation of human and labor rights, forced and child labor trafficking, is a clear outcome of neoliberalism. According to relevant research on market liberalization and human trafficking, policies that encourage market deregulation, smaller state size, and global economic openness are positively associated with child and forced labor trafficking.

Definition of Key Terms

LCC (Low-Cost Country)

A low-cost country is a nation in which, comparatively to the rest of the world, it is cheaper to live and work and, therefore, minimum wages tend to be lower than in most nations. Examples of these include Vietnam, Myanmar, Bangladesh, India, and Pakistan.

LCCS (Low-Cost Country Sourcing)

Low-cost country sourcing is a procurement method in which categories are sourced from countries with lower labor and manufacturing expenses in order to reduce total costs. This ties together low-cost nation sourcing with global sourcing techniques. China, India, Malaysia, Indonesia, Thailand, Vietnam, and Brazil are examples of low-cost nations. The emphasis on 'low cost' emphasizes that the technique is not without danger. Supply networks are frequently extended, increasing the risk of disruption. If the source of the cheaper cost is lower wages, this may cause problems if the customer has a corporate social responsibility policy that requires wages to meet local norms.

Outsourcing

Outsourcing is the commercial practice of engaging a third party to perform services or generate commodities that were previously conducted

in-house by the company's own workers and personnel. Outsourcing is a method that is commonly used by businesses to save money. As a result, it has the potential to affect a wide range of occupations, from customer service to manufacturing to the back office.

Offshoring

Offshoring is the practice of outsourcing activities overseas, typically by corporations from wealthy nations to developing ones, in order to reduce the cost of doing business. Lower labor costs, more forgiving environmental restrictions, less severe labor rules, favorable tax circumstances, and closeness to raw materials are among the particular reasons for moving operations outside of a corporation's native nation.

Supplier

A supplier is a person, company, or entity that sells or rents goods or services to another entity. One example of a supplier is a firm that provides PCBAs to a laptop maker or OEM.

Minimum Wage

Minimum wages are defined as the bare minimum of payment that an employer is compelled to pay wage earners for labor completed over a specific time, which cannot be decreased by collective bargaining or individual contracts. They vary from nation to country because of variances in living costs and overall development.

Profit Margins

Profit margin is one of the most often used profitability measures to determine how profitable a firm or business activity is. It shows what proportion of sales has resulted in earnings. Simply expressed, the percentage statistic shows how many cents of profit the company made for every dollar of sales. For example, if a company states that it had a profit margin of 35% in the previous quarter, it indicates that it earned $0.35 for every dollar of sales.

General Overview

Outsourcing and Offshoring

The world economy has been defined by an expansion in international commerce since the 1950s. The initial reduction in transportation costs has promoted trade in finished goods, with nations concentrating in the manufacturing of finished items based on comparative advantages. Recent advancements in transportation and communication technology have significantly altered the characteristics of international trade. Indeed, intermediate items and components may now be transferred rapidly and cheaply, and instructions to external suppliers can be more simply given. As a consequence, enterprises in one nation might benefit from reduced factor prices or unique assets in another by shifting some activities there. This signals a significant shift in the competitive pattern.

Companies are increasingly turning to outsourcing to decrease overhead expenses and enhance profit margins. When a corporation outsources a portion of its business process to an outside provider, this is known as outsourcing. One of the benefits of outsourcing is that it might help a company save money by completing the same activity for less money. One of the most appealing parts of outsourcing is the potential cost savings while still possibly obtaining high-quality services. By leaving company procedures to third-party contractors that specialize in that area, outsourcing may boost efficiency. It can also help businesses to focus on their core competencies while improving their brand by freeing up time, energy, and resources.

On the other hand, offshoring is the practice of performing production operations in another nation than where a company first operates. Offshoring is frequently chastised for relocating employees to another nation, although it can be incredibly advantageous for businesses and eventually boost the economies of both countries. Offshoring has the potential to be extremely beneficial to

enterprises. Companies frequently outsource production or services to nations with much lower hourly labor rates. In Mexico, for example, the hourly labor rate is a mere fraction of the US minimum wage. They will consequently save a large amount of money only on labor.

Risks and Opportunities in Outsourcing and Offshoring

To cut costs, many multinational corporations relocate operations to nations with cheaper labor and production costs (LLCs). When production expenses are reduced, the price of the final product falls, subsequently creating demand among customers. Nevertheless, navigating the cultural and social hurdles of outsourcing can be incredibly challenging. There are generally a number of reasons why a company may or may not wish to outsource its production to LLCs in the first place.

The benefits of this production strategy usually lie in production and labor costs. In low-cost nations like China, Turkey, Taiwan, and India there are unique mechanisms in place to facilitate the mass manufacture of a certain range of items at a lower cost. Because labor costs are cheaper in this area, it is easier to invest in research and development without sacrificing job quality. Furthermore, employees in low-cost nations are often knowledgeable of the most recent industrial procedures and technology breakthroughs, as well as how to use them in operations. Your products and services will meet international quality requirements if you have a qualified team. These low-cost countries also have plenty of raw resources. Procurement professionals may be able to assist you in locating resources at a far lower cost than in native Western nations, lowering manufacturing expenses in these markets.

On the other hand, the reduction of costs in these areas can also bring with it several downsides. Outsourcing risks are often classified into four categories: loss of control, loss of innovation, loss of organizational trust, and higher costs. Functions that have the ability to "disrupt" the flow of goods or

services between a firm and its consumers are, in general, the riskiest to outsource. Delegating control of the distribution process, for example, to an online retailer may result in customers not receiving goods on time; outsourcing call-center responsibilities may result in customers being dissatisfied with the product or service, resulting in higher product returns, lower repurchases, or complaints that may jeopardize the company's reputation. The second most dangerous sort of task to outsource is one that has an impact on a company's connection with its employees. Outsourcing the human resources function, for example, can have an impact on employee hiring quality; outsourcing payroll and benefits processing can result in data breaches, resulting in identity theft and legal issues; and outsourcing software design can result in a decline in organizational innovation. Support functions, on the other hand, are less dangerous to outsource since they have few direct linkages to clients or internal organizational processes.

Maintaining Low-Cost Labor

Through strategic outsourcing, Western retail is vicariously exerting enormous cost pressure on suppliers by seeking cheap labor. Suppliers were willing to limit capital investments to keep prices low. Many suppliers from low-cost nations understand that in order to compete on price, they would have to forego expenditures and labor methods that would violate Western labor standards. For example, in Bangladesh, women and children are in put danger due to lax safety requirements in garment manufacturers and exposure, and their employment is not questioned specifically because they can be paid less.

Vulnerable Labor Forces

With the increasing trend of offshoring and its observable benefits in the international market, many powerful nations and their businesses sought to source their manufactured goods from LLCs whose legislation allowed for longer hours in exchange for lower wages. For example, many US corporations choose

to shift their operations to Bangladesh for three major reasons. To begin with, Bangladesh has a more appealing labor force demographic than other East Asian countries. Half of the 160 million inhabitants in the nation are under the age of 25, providing firms with youthful and motivated employees with a lower attrition rate than in other countries. Furthermore, the hourly 14 salary in Bangladesh is 50% lower than the wage in the United States and 10% to 15% lower than the wage in China and India. This saves businesses thousands of dollars in labor expenditures because the average Bangladeshi worker only costs USD $68 per month. These same principles apply to other developing nations, especially in South-East Asia, as they tend to be generally younger and willing to work for less.

The laxity of labor legislation and its enforcement as a result of the aforementioned circumstances can have disastrous consequences. The Tazreen Factory Fire in the Ashulia region on the outskirts of Dhaka in Bangladesh was one of these catastrophes. This plant, which began operations in 2009, employs 1700 employees. The factory primarily manufactured polo t-shirts, shirts, and jackets for companies such as Li and Fung, C&A, Disney, Walmart, and the United States Marine Corps. An electrical short circuit on the ground level of the nine-story factory on November 24, 2012, ignited the fire. Because of the enormous volume of combustible textiles in the facility, the fire spread rapidly. Within minutes, the fire had engulfed the whole level, trapping the employees on the top stories. The fire was so severe that it took firemen more than 17 hours to put it out. In the end, the fire killed 117 people and wounded 200 more. The Tazreen fire exemplifies how profit-driven firms can purposefully overlook safety standards in order to save money. Despite the fact that the fire was unpredictable, the factory's purported safety procedures would have prevented the loss of so many lives.

Suppliers of lower-cost materials are also prone to exploiting illegal

immigrants to reduce the price of labor. There are various probable causes for why illegal immigrants earn less than similarly skilled individuals. One cause might be that illegal workers have less negotiating power, resulting in salaries that are below market because of a fear that their illegality may be reported to the authorities. Undocumented employees may also have poorer physical and mental health due to the rough conditions under which they live. Finally, unauthorized employees may be unable to utilize their potential and may encounter barriers to employment due to a lack of educational status. As a result, they may be unable to work in professions that are a suitable fit for their productive qualities. Therefore, they are willing to work for less and help suppliers cut corners by exploiting their workers.

Major Parties Involved and Their Views

United States

When considering offshoring, the first ethical conundrum is whether it is right for American businesses to oust American workers from their employment in order to maximize profits. There has been a growing belief that foreign workers are taking American jobs in recent years. To safeguard American workers and businesses, administrations have adopted a number of protectionist measures, including tariffs on nations like China, Canada, and Mexico (Swanson, 2019). It's true that many jobs that once belonged to Americans have relocated outside to countries with cheaper labor costs as a result of this new era of globalization. Regardless of the fact that fewer Americans work in manufacturing, assessing the effects of globalization have been challenging due to the variety of implications that offshore labor has. The first is known as a "displacement impact," in which the need for American labor is decreased when production processes are offshored. The second is a "productivity effect," in which the cost savings from hiring foreign labor boost manufacturing efficiency and raise demand for American labor. Although outsourcing has cost the United States 5 million manufacturing jobs since 2000, studies demonstrate that offshoring

benefits both American workers and American businesses (Guilford, 2019). Three economists from the Center for Economic Performance at the London School of Economics tracked the 58 sectors that make up American manufacturing from 2000 to 2007. In this study, the economists discovered that, in most circumstances, offshoring boosts the production process' efficiency and lowers costs, which can encourage businesses to increase domestic employment sufficiently to offshore the jobs that workers abroad take (Khimm, 2012).

China

China has made significant progress toward establishing the foundation for a strong and wealthy outsourcing sector. The country's central and local governments have shown a solid commitment to support the information technology (IT) and other business services industries. They have also started projects to create infrastructure for education, training, and other support systems.

As a result, China is rapidly developing a competitive outsourcing industry, and new outsourcing participants already have solid track records. China has a strong export platform on which to create an outsourcing business, similar to how India's growth as a destination for outsourcing was driven by exports. However, China has already built solid relationships in the Japanese and South Korean markets and has the power to develop a substantial services base on its own home market.

Bangladesh

Although Bangladesh has not yet carved out a significant percentage of the sizable and expanding market for the offshoring of business process and information technology services, steps are being taken with the help of the ITC to increase Bangladesh's competitiveness and raise awareness of its capabilities abroad. Bangladesh is taking steps to alter views and build on the limited market

success it has previously had in order to be taken seriously as a supplier that can compete with the market's present dominating players.

India

"India is considered one of the most preferred destinations for offshore outsourcing due to the availability of a global-standard skilled talent pool at viable costs. Apart from IT, we now see key roles in HR and payroll management, digital marketing, SEO, online reputation management and social media marketing being increasingly outsourced to India," Viswanath told Business Today.

Due to the advantages granted in terms of customer service and efficiency, India enjoys an advantage over its rivals. India's outsourcing companies meet clients' needs not only in terms of price but also in terms of highly qualified employees, increased productivity, high-quality services, and efficient company operations. The abundance of multi-skilled professionals and the size of the country's English-speaking population both play a significant role in these successes.

Eastern European nations, China, Mexico, and the Philippines are all increasing their competition for India's business. Given that there is a shortage of knowledge workers in developed nations, this tendency is expected to persist. Nonetheless, as markets around the world become more and more knowledge-intensive, India has developed into the top location for knowledge services. In fact, Knowledge Process Outsourcing might soon surpass all other sources of income for India. It has a huge pool of highly skilled workers, including many Chartered Accountants, MBAs, physicians, lawyers, and research analysts. This improves India's standing in the sector of knowledge services.

Timeline of Events

Date	Description of event
1989	Outsourcing was first recognized as a business strategy in 1989 and became an integral part of business economics throughout the 1990s.
1994	NAFTA(North American Free Trade Agreement) went into effect
2001	The People's Republic of China became a well-known location for industrial offshoring after joining the World Trade Organization (WTO) in 2001.
2005	Offshoring of skilled work, expanded significantly from the US in 2005, feeding the mounting concerns about job loss threats.
2008	The biggest financial crisis science The Great Depression makeing a lot o people hesitant to offshore and outsource.
January, 2012	A appeal to "invest in America" was made by President Obama in January 2012 at the White House "Insourcing American Jobs" Forum.
November 24, 2012	The Tazreen Factory Fire in the Ashulia region on the outskirts of Dhaka in Bangladesh killing 117 people and wounded 200 more.
2019	The World Bank's 2019 World Development Report on the future of work focuses on how offshore can influence the skills need in recipient nations and investigates how rising automation can sometimes result in manufacturing being brought back home.
2020	Covid 19 outbreak having a big impact on countries trade sectors
2022	Buisnesses and countries are all still recovering from the pandemic. Many countries look for the opportunity to grown job opportunities in their own country while others search for offshoring and

	outsourcing business to continue growing.

Relevant Resolutions, Treaties, and Events

UN involvement

Multinational corporations relocating to emerging countries to evade environmental, health, and safety laws in the developed world is one of the basic arguments used against globalization. International firms have developed guidelines to guarantee respectable working conditions abroad, both in their own facilities and in facilities of third party suppliers, in response to this criticism.

These standards include matters such as the ban on using children or inmates as laborers, salaries and working hours, living arrangements, worker safety, adherence to environmental regulations, non-discrimination, and non-harassment. Importantly, the policies may be based either on local legislation or standards that firms voluntarily accept that go beyond local law. For instance, multinational corporations may decide to implement a global minimum age of 16 for child labor, both for the benefit of the children and for administrative ease (child labor laws vary across nations).

These initiatives must be put into practice by putting in place systems and procedures for education and training, leadership development, supplier qualification and retraining, evaluation of second and third tier suppliers, and the intrusion of effective sanctions when suppliers violate standards. The policies and their execution must be closely analysed for credibility by inside or outside auditors, or in public reports from impartial third party auditors (like those established in the late 1990s under the Apparel Agreement between retailers and recently imposed on Apple after working conditions in Chinese factories made headlines and sparked protests at Apple stores across the world).

The UN has developed the sustainable development agenda and the

establishment of the Global Agenda for Sustainable Development Goals, this, among other things, puts pressure on companies to develop business practices in tune with these targets (social and environmental) and they also have to present annual reports that transparently show the impact of its operations. So it is increasingly risky for companies to offshore to countries that do not respect decent work conditions or that negatively impact the environment.

Possible Solutions

It seems that the simplest strategy to foster social responsibility is to avoid sourcing markets with low social standards. However, restricting imports from emerging nations is unlikely to benefit the people in these countries. It has been demonstrated in certain circumstances that the earnings and working conditions in sweatshops are superior to the workers' prior job wages. It also appears that garment businesses, in particular, are not ready to discontinue sourcing from low-cost countries and that increased supply chain resilience is necessary in the face of these conditions. However, monitoring risk and improving manufacturing working conditions are easier said than done. Although management research on Corporate Social Responsibility has proliferated in recent years, and most companies have adopted CSR codes of conduct, comprehensive reviews of current conditions in Low-Cost Country factories suggest that CSR policies have neither prevented nor could they in themselves prevent the death and injury of workers in this particular place and era.

Organizations frequently note that auditing the factories where these accidents occur has little relevance to the actual occurrences and that companies must transition from checklist monitoring to contractual duties. Because a corporation cannot monitor "all" risks and/or concerns at once, a

"cone of plausibility" strategy is required to focus on significant issues that require monitoring and might evolve into full-fledged hazards. It is also critical to monitor external hazards in nations classified as having a greater likelihood of accidents. To identify credible hazards, businesses frequently depend on a qualitative or gut-heavy procedure. The development of a quantitative approach for identifying hazards and aggregating them into a risk management index will increase firms' capacity to identify potential supply disruption concerns more precisely.

Collective bargaining agreements are also significant strategies for addressing workers' rights and child labor. They include obligatory all negotiations between an employer, a group of employers, or one or more employers' organizations and one or more workers' organizations to determine working conditions and terms of employment, as well as managing relations between employers and workers, as well as managing relations between employers or their organizations and a workers' organization or workers' organizations. Collective bargaining agreements are critical methods for workers to improve their working circumstances. As a third party, the government is sometimes engaged. A collective bargaining agreement frequently negotiates issues such as workplace safety and health, work hours, salaries, and skill training. These agreements also included provisions prohibiting the use of child labor.

Sustainable Development Goal (SDG)

This issue can fall into many Sustainable development Goals but we believe that the main one is SDG 8: Decent Work and Economic Growth. This SDG was put in place to encourage multinational corporations and nations to evaluate their working conditions and the effect they have on their countries economy. The UN describes this SDG as a way to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent

work for all" which describes perfectly what us as a committee should be working towards in this debate.

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Appendix

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