

**Forum:** The United Nations Development Programme (UNDP)

**Issue #19-02:** Measures to address the exploitation of factory workers in the manufacturing industry

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## Introduction

Factory workers are often a vulnerable group who can be subjected to exploitation by their employers. This is because the majority of these workers go into factory work by necessity rather than choice and, therefore, accept long working hours under poor working conditions. Certain factories around the world have their employees working 12-hours a day and 7-days a week in unsanitary and crowded conditions with some employees even reporting harassment and physical abuse. Furthermore, many of these workers are underpaid and occasionally not paid at all.

There is a significant lack of laws and legislation protecting factory workers in numerous countries, especially in South-East Asia and Africa, which allows for companies and corporations to take advantage of these workers. Multinational corporations (MNCs) can benefit from countries with more relaxed laws, as they are able to obtain a larger quantity of products for cheaper labour, allowing for greater profit. Due to this, many manufacturing companies outsource their manufacturing needs to countries where they can achieve a greater production rate for a lesser price. This can benefit certain countries and populations by providing their people with work, however, this also leaves the workers very vulnerable to being exploited by the companies and factories they

work for. Therefore, the topic of MNCs' outsourcing methods in the manufacturing industry has been debated for quite some time.

This issue affects numerous workers globally, and the result of their being exploited can be detrimental and permanent. However, large advancements regarding this issue have been made in recent decades and years to ensure fairness when it comes to the treatment of factory workers. This is due to countries increasing their minimum wages, improving working conditions and passing labour laws as well as companies and corporations taking responsibility for the conditions in their factories. In addition to programmes that work to ensure fair labour. Still, since this issue has evolved and has become increasingly international, laws and resolutions surrounding this topic must be revised and enhanced, accordingly.

## Definition of Key Terms

### **Exploitation**

Treating a person, or a group of people, unfairly in order to benefit from their labour.

### **Manufacturing**

The act of making products from raw materials. This is usually on a larger scale and using machinery.

### **Outsourcing**

When a company hires an outside party, usually foreign, to perform a certain job. This is mostly done as a way to cut costs.

### **Minimum Wage**

The lowest wage that employers may pay their employees in accordance with the law and for a given period of time. E.g. hourly, daily, etc.

### **Working Conditions**

Covers a range of topics including the environment, treatment and demands that exist in a workplace. Refers to the conditions of an employee while at work.

### **Sweatshops**

A factory where employees are subjected to unfair working conditions, low wages, and long hours.

### **Globalisation**

Interaction and distribution of influence (e.g. ideas, businesses, etc.) between different countries and cultures around the world.

### **Multinational Corporation (MNC)**

A corporation that has facilities or assets in more than one country. It derives at least 25% of its revenue from outside its home country.

### **Less Economically Developed Country (LEDC)**

A lower-income country. They are vulnerable to economic and environmental shocks and have few human assets.

### **More Economically Developed Country (MEDC)**

A country that has a high quality of life, advanced technology and infrastructure and is considered economically developed.

## General Overview

### Evolution of exploitation in manufacturing factories

The Industrial Revolution, and the 19th century, in particular, brought about a new era and introduced the world to manufacturing. Since then, the rights of factory workers have been discussed and expanded upon in order to combat exploitation. What started with the Factories Act of 1847 in the United Kingdom, has not only been improved but also globalised. Currently, with the presence of concepts such as globalisation, outsourcing, and MNCs, the manufacturing industry is one of the main sources of income and employment for numerous countries. However, this also means that the issues with the manufacturing industry have been transferred to an international scale, and new problems have arisen.

One of these is the visibility of exploitation. Because a large number of these sweatshops are located in LEDCs, while the manufactured goods are sold largely in MEDCs, consumers often aren't aware of the conditions of the factories their products have been manufactured in. This means that the companies or contractors often are not held accountable for the unfair treatment of their employees. This has improved in recent years due to tools such as international reporting and social media, however, many consumers still are unaware of how the products they buy are made.

### Effects of outsourcing in developing countries

Similar ideas to outsourcing have been around for centuries. However, the form of outsourcing commonly known today gained traction in the early 1990s. In the last 30 years, due to globalisation, lower transportation costs, and more, outsourcing has become an increasingly easier option for companies. Many large MNCs often prefer to outsource their manufacturing work to LEDCs. This is

due to these countries' cheaper labour costs and fewer regulations on working conditions which allow for greater production.

The topic of companies manufacturing their products abroad, especially in LEDCs, is controversial, especially regarding the way they are manufactured. The increased manufacturing factories are able to create more jobs which can provide a source of income and a better livelihood for unemployed people. This is a very notable positive effect, especially in LEDCs where unemployment rates are usually higher. However, as these unemployed workers may be more desperate for income, they are more vulnerable to exploitation as they are willing to work extended hours and under poor, and sometimes, dangerous, conditions for small wages.

### **Overworked and underpaid employees**

In both MEDCs and LEDCs, factory workers are commonly overworked and underpaid. Studies in multiple countries have shown that these employees are often paid less than the minimum wage, and sometimes may go long periods of time with no payment at all. For example, in 2020, in the UK, certain factories reportedly paid their workers less than half of the minimum wage, amounting to a total of £27m that factory workers were not paid (Davies). In sweatshops particularly, in addition to workers being underpaid, they are made to endure labour-intensive work for extended periods of time. Reports in factories of this sort have shown employees working sometimes longer than 12-hours a day and 7-days a week, resulting in exhaustion and even permanent health complications, such as:

- Cancer - due to constant exposure to various chemicals.
- Respiratory or lung diseases - as a result of the poor ventilation.
- Psychological illnesses - from the excessive stress and fatigue.

This overworking of employees is a violation of Article 24 of the Universal Declaration of Human Rights stating that everyone has the right to a “reasonable limitation of working hours”. There have been various ILO conventions aiming to determine what a “reasonable limitation of working hours” is per week. Additionally, numerous countries have implemented regulations on weekly working hours in order to ensure suitable rest for their workers. However, overworking is still one of the most common and widespread forms of exploitation found in manufacturing factories.

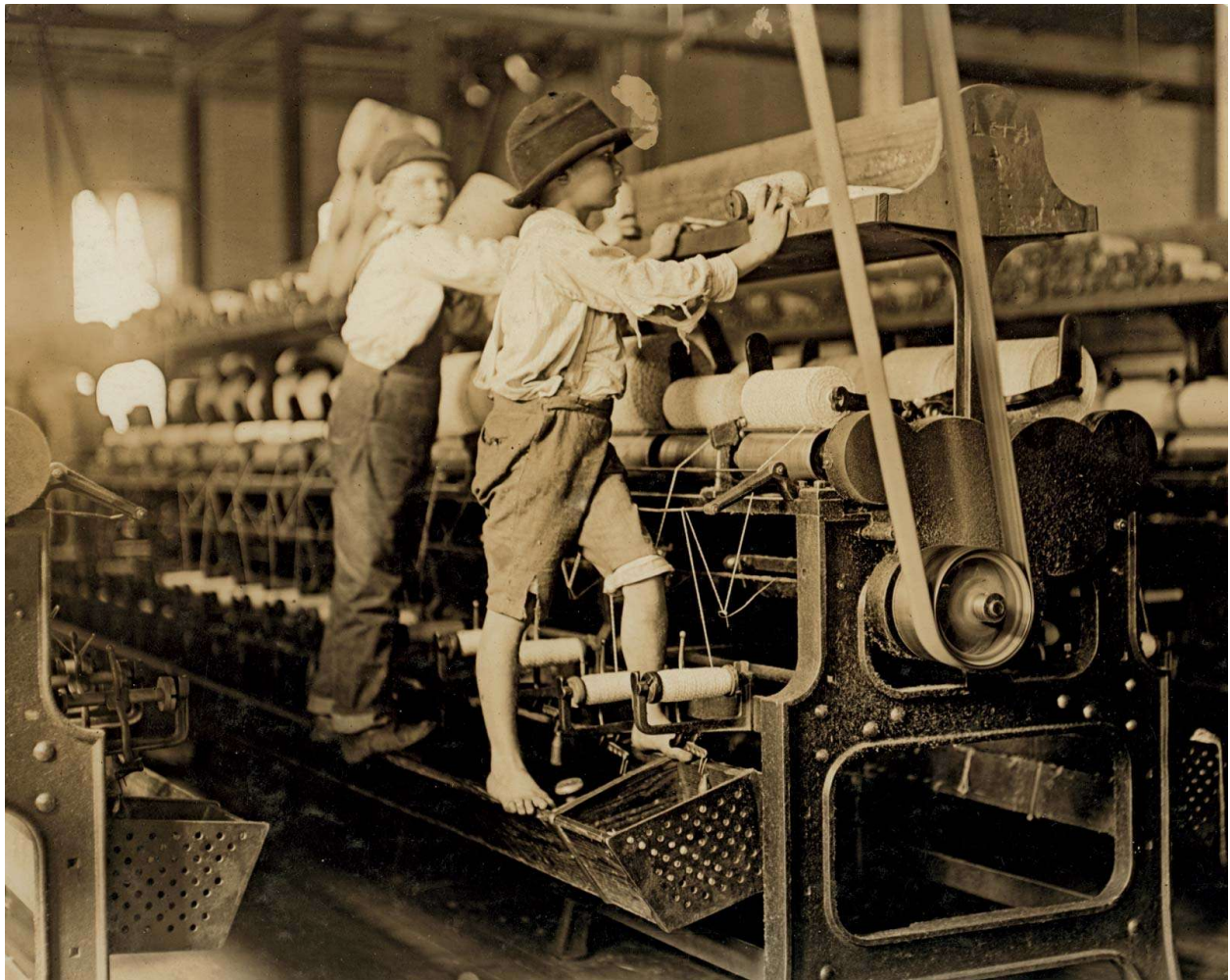
### **Poor working conditions**

Working conditions in factories, especially in LEDCs, are often poor due to the crowdedness of the factories, the lack of ventilation, and the accumulation of dust. These conditions are usually due to the neglect of the care of their employees by those responsible for the factory and the manufacturing companies themselves. This lack of care for working conditions occurs due to the convenience for factories to have numerous employees and not have to pay additional ventilation and cleaning expenses, however, the combination of these conditions, and more, can result in health and safety issues for the employees. Additionally, the machinery that employees are made to use, especially in the manufacturing industry, can often result in harm, if not safely used. In certain countries, there is no compensation required for injuries that occur in the workplace, and if the worker’s performance deteriorates they are fired.

### **Child labour in the manufacturing industry**

The issue of child labour and children being exploited by the manufacturing industry has been prevalent since the beginning of manufacturing. This issue was largely resolved in MEDCs, however, it is still an ongoing problem in many LEDCs. According to UNICEF, in 2020 there were approximately 120 million children

subjected to child labour. A significant percentage of these children are made to work in factories to provide income for their families rather than receiving an education. Without a basic education, a child's future options become more limited, especially if that child is already living in poverty. This issue is one that the UN and UNICEF, in particular, have been working towards resolving, however, these children are still subjected to similar means of exploitation in this industry as adults, at a younger age.



*Image depicting children working in a factory in Macon, Georgia in 1909. Library of Congress, Washington, D.C. (LC-DIG-nclc-01581).*

## Harassment and abuse in factories

One form of exploitation factory workers may experience is harassment and abuse. This can come in many forms including physical, sexual, and mental. Factory workers in sweatshops have frequently reported being shouted at repeatedly for not completing their work fast enough. This abuse is sometimes not limited to shouting and becomes violent with some employees reporting being kicked, beaten, and having objects thrown at them.

Women make up a large portion of the manufacturing industry, especially the garment industry, and are often more vulnerable to harassment and abuse than men. According to a study conducted by the ILO in Cambodia, 54% of women workers reported harassment, and 21% of women employees reported sexual harassment in the factories they worked in. This is equally as prominent, if not more so, in numerous other developing countries with large manufacturing factories.

## Major Parties Involved and Their Views

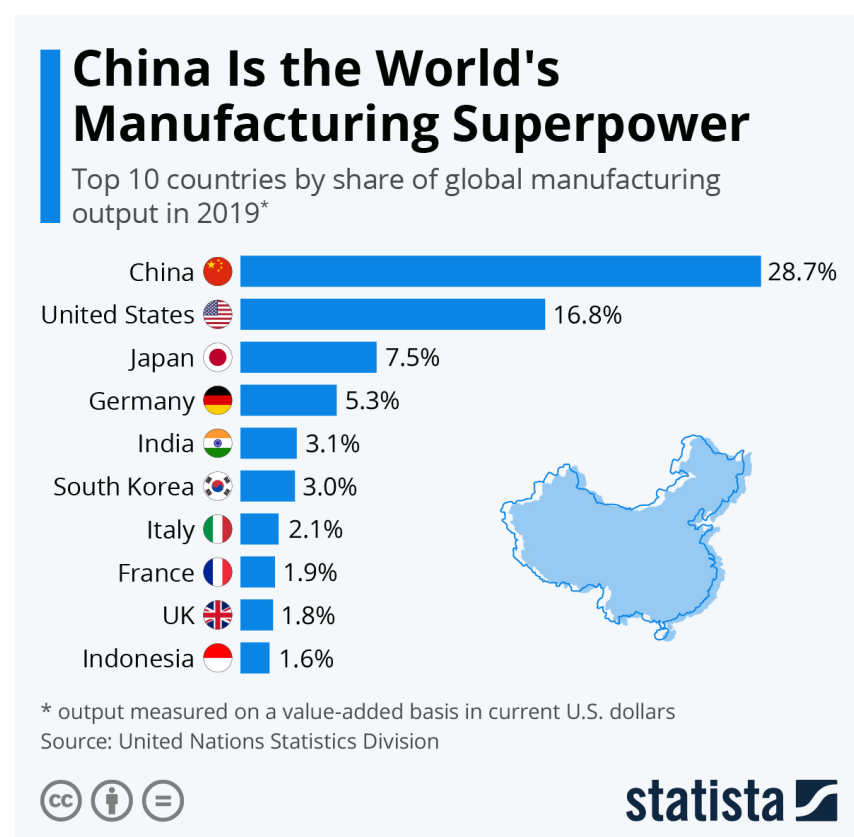
### United States

The United States of America is the second-largest manufacturer in the world behind China. According to the World Bank, in 2019, manufacturing comprised 12% of the country's annual GDP. Additionally, the US is also the base of numerous MNCs, for example, Apple and Nike, which are large manufacturing giants in other countries as well. Many of the exploitation cases and controversies in LEDC manufacturing factories are surrounding corporations based in the US. As a result, the manufacturing processes of these corporations have been scrutinized further by the public. There have also been numerous protests and boycotts of certain brands over the past 20 years in response to the conditions of factories in LEDCs which have taken place in the US.



## China

Numerous MNCs choose to outsource their manufacturing work to contractors in China due to the low minimum wage and abundance of unemployed workers. However, exploitation in these factories has been brought to international attention in the past few decades with factories being overcrowded and workers being overworked and underpaid. In 2010, there were 18 suicide attempts and 14 confirmed deaths in a Foxconn factory in Shenzhen, China. These are known as the Foxconn suicides and were due to the extensive working hours and mental exhaustion that workers in these factories experienced. These were not the sole incidents of this nature in Chinese manufacturing factories, however, in recent years, China has been taking steps to improve working conditions within its factories.



Graph of the Top 10 global manufacturing power in 2019. Statista.

## Bangladesh

Bangladesh is prominent in the manufacturing of garment items and vehicles. The issue of exploitation in Bangladesh's manufacturing factories is prevalent and has been especially noticed since the Rana Plaza collapse in Dhaka. This incident in 2013 killed 1,132 and injured another 2,500. However, this was not the first accident of its sort in the country and has not been the last. According to ILO, there have been over 100 accidents in factory buildings since the collapse of Rana Plaza. This has highlighted the poor working conditions and hazardous environment of many of these factories in Bangladesh.



*Image of the aftermath of the Rana Plaza collapse. Munir Uz Zaman/Agence France-Presse - Getty Images.*

## Mexico

One of the most consequential issues in Mexican manufacturing factories is the high number of children that are employed. Mexico has had problems with child labour in the past with millions under the age of 18 being employed, and manufacturing factories have largely contributed to this problem. Additional concerns include factories not letting their employees use the bathrooms or take breaks until they have produced large numbers of items, as well as sexual harassment in certain factories. All of these are significant forms of exploitation which are especially relevant due to Mexico being the 7th largest manufacturing country in the world.

## Germany

Germany is Europe's largest economy and is also the continent's largest manufacturer. Similarly to the US, many MNCs, such as Adidas and Puma, are originally from Germany and are based there. Working conditions and the treatment of employees in Germany's manufacturing industry have been reportedly good and without issues. Still, this country is a major party due to its prominence in the industry.

## United Kingdom

The industrial revolution was greatly important in the UK for technological innovation and manufacturing. This is also when numerous factories were constructed. The exploitation of the workers in these factories was a substantial issue, then. Consequently, more laws and acts were passed to protect workers over the next few centuries. Since then, the country has played a crucial role in the manufacturing industry by acting as a base to some of the world's largest MNCs and producing numerous manufactured products. In 2020, approximately 10,000 cases of workers in factories being paid £3.50 an hour, compared to the

minimum wage which is £8.72, surfaced (Davies). This was justifiably criticized by the media and public for being exploitative. The country has since responded and implemented new policies in order to solve the issue.

## International Labour Organisation (ILO)

The ILO is a specialized UN agency with the purpose of setting labour standards that promote decent work for all people. The organization collaborates with countries promoting sustainable advancement in different industries, including the manufacturing industry, regarding the labour of its workers. The ILO has previously worked with countries, such as Bangladesh, to resolve parts of this issue and has helped implement programmes such as Better Work which have helped to limit the exploitation of factory workers and minimize the extent of this issue.

## Timeline of Events

Date	Description of event
1760-1840	The Industrial Revolution takes place. Europe and the US transition from hand-made processes to manufacturing. Large factories are invented to make manufacturing processes more efficient. Exploitation is common in these factories with dangerous working conditions, child labour, 12-14 hour working days 7 days a week, etc.
1833	The UK passes the first Factory Act. More Factory Acts are passed later on and other countries pass similar labour laws.
October 1919	The International Labour Organization (ILO) is formed by the Treaty of Versailles with the purpose of providing decent labour conditions to all people.

1930s-1940s	The concepts of “lean manufacturing”, which entails removing waste and increasing production, mainly become popular as a result of Toyota. The core idea is to improve the efficiency of the manufacturing industry. The concept also links directly to the appeal of outsourcing in manufacturing (which becomes prevalent in later years), as it is highly efficient.
1970s	Some manufacturing companies begin to outsource to Latin America and East Asia due to lower labour costs and greater production opportunities. These are developing countries, therefore, working conditions at this time are quite poor. This is the start of exploitation by the manufacturing industry in these regions.
1989	Outsourcing is formally recognized as a business strategy. From this point on outsourcing becomes an important part of business economics.
2010	There are 18 attempted suicides and 14 deaths in A Foxconn factory in China due to the stressful and tiring working conditions. Protests and boycotts of products made by Foxconn, and MNCs which employ the firm, occur.
24 April, 2013	Rana Plaza in Dhaka, Bangladesh collapses resulting in 1,132 deaths and over 2,500 injuries. This illuminates the conditions in sweatshops worldwide to the public.
1999-2015	The Decent Work Agenda was created by the ILO in 1999. This then became a central objective of countries at the 2005 UN World

Summit in order to promote decent development and globalisation. Elements and goals of the Decent Work Agenda are integrated into the 2030 SDGs, from the UN General Assembly in 2015.

## **UN involvement, Relevant Resolutions, Treaties and Events**

The United Nations and UN agencies have shown their comprehension of the gravity of this issue and the importance of tackling the exploitation of workers, and have made large strides in order to resolve it.

- In 2011, resolution A/HRC/17/4 was adopted by the Human Rights Council. This resolution established a working group on the topic of human rights in relation to MNCs and business enterprises and endorsed the “Guiding Principles on Business and Human Rights.” These guiding principles set expectations for nations and business enterprises, alike, to uphold international human rights. They also address many of the current issues with exploitation in the manufacturing industry. Therefore, the general guiding principles for countries and businesses corporations when it comes to human rights is beneficial to outline what exploitation is and how to prevent it.
- Better Work was launched in August, 2006. It is a UN programme initiated by the ILO and the International Finance Corporation (IFC). This programme works in multiple countries to improve working conditions and promote competitiveness in the garment industry. 1,700 factories, employing 2.4 million workers, are currently collaborating with Better Work, as well as multiple governments and brands in order to provide fair labour. The garment industry has become an integral part of the manufacturing industry, therefore, by confronting the issue of exploitation and promoting

better working conditions in the garment industry, we can understand how we might tackle a similar issue in the manufacturing industry as a whole.

- The 17 UN Sustainable Development Goals (SDGs), of the 2030 Sustainable Development Agenda, were adopted in 2015. Goal 8 is Decent Work and Economic Growth. This entails ensuring good labour practices in all industries and fair employment. Making this a principle goal in the Sustainable Development Agenda ensures that countries are actively working towards resolving many of the aspects that this issue, exploitation of workers in the manufacturing industry, entails.

### **Evaluation of Previous Attempts to Resolve the Issue**

There have been numerous attempts to resolve this issue as it has been prevalent for centuries. Some of the recent attempts include protests and boycotts of manufacturing companies and corporations that were known to have substandard working conditions, poor treatment of their factory workers and sweatshop conditions. In some cases, these boycotts and protests have worked and conditions have improved, however, some unintended negative consequences have also arisen from these sorts of movements. Recently, this sort of action has been taken by activists in MEDCs protesting the treatment of workers in LEDCs. However, although the intention of these protests has been with good intentions, the result has sometimes been that manufacturing companies, under the pressure and objection from social movements and organizations, have removed their business entirely from a certain factory, or even country, which has left thousands of workers unemployed. However, activism such as this has also contributed positively by bringing awareness to the issue of exploitation in this industry and incentivising brands to improve the working conditions in their factories.

## Possible Solutions

In order to address this issue, it is important to recognize it as a global one, and an issue that each country must individually make strides to resolve so that it may be resolved internationally. With the extent of globalisation in this world, corporations and companies are no longer solely confined to their countries' borders. Therefore, maintaining proper and fair working conditions and basic working principles should be a global effort. This means that nations should not only ensure the fair treatment of workers in their own manufacturing factories, but also aid in ensuring that their MNCs also promote an idea of fair labour in other countries.

Additionally, programmes that the UN and UN agencies already have in place, such as Better Work, could be expanded upon to reach a greater number of nations and sectors within the manufacturing industry. As well as new programmes being introduced, along the lines of:

- **Monitory** - monitoring the treatment of workers in manufacturing factories to ensure that working conditions are fair and that workers are not being exploited.
- **Advisory** - advising governments, corporations and other involved parties on business strategies, working principles, etc. to implement.
- **Training** - training businesses and factory supervisors on ways to increase profit while still paying factory workers a fair wage.

Although the ultimate goal is to stop exploitation from occurring in manufacturing factories, it is also essential to ensure that companies are not disincentivized to continue their production in certain factories and countries. Therefore, a variety of different solutions are required in order to tackle the issue delicately but impactfully.



## Sustainable Development Goal (SDG)

This issue's SDG is Goal 8 which refers to Decent Work and Economic Growth. This SDG entails promoting fair labour and protecting labour rights as well as encouraging employment in the workforce, all of which this committee aims to address with this issue. Addressing the more specific exploitation of workers in the manufacturing industry aims to ensure that labour rights are protected and employees are able to work fairly in decent working conditions. This promotes economic growth in a fair manner rather than using exploitation for labour.

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## Appendix

- I. Better Work programme page with information on what the programme does, where they are located, etc.  
<https://betterwork.org/>
- II. “The UN Guiding Principles on Business and Human rights” document.  
[https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- III. A World Bank database on the value added to a nation's GDP from manufacturing.  
<https://data.worldbank.org/indicator/NV.IND.MANF.ZS>