

Value added

[Business](#), [Management](#)



Comparison of Value Added Operations There has been a great fragmentation in the operation of trade in the recent decades. This means production in one strategic location has been split into various tasks and spread across the whole globe. Value-added is the term that describes differences between price of inputs and cost of outputs. It should be duly noted that the greater the value-added is directly proportional to greater efficiency.

Processing raw materials within the same location of extraction is more efficient and long sighted than exporting the same raw materials to be processed else where. Although some view this exporting of raw materials to be beneficial, it is in order to say that the value-added industries succumbs losses in terms of employment to the public. Value-added for processing the raw materials allows for growth in the economy since it is considered efficient in comparison to export of the latter. If a company exports raw materials, as opposed to processing it themselves, the cost of the input is high due to the travelling costs, processing amounts and other expenditures at hand. In this case the value-added becomes low thus less efficient.

Also, value-added for processing raw materials helps in the company's operations strategies compared to value-added for exporting the raw materials. This is seen in the amount of money that is saved within the company. Obviously, with the right equipment to process the raw materials to the final product, valuable costs are saved and so the value-added industry prevails. It is cost effective and reliable in terms of value-added for processing raw materials compared to value-added for exporting the raw materials.

Time spent to effectively process the raw materials to a finished product is favourable to consider in adding value to the item. Putting this into consideration then we have that value-added for exported raw materials is low compared to that of value-added for processing the same raw materials since there is less time involved in production of the raw materials within a firm than to export them for processing.

References

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