

Pros and cons outsourcing to china

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



It is important to note that the Chinese cost of raw materials and labor is low. On the other hand, the option of shipping raw materials by air might be very expensive while shipping by sea is slower. For instance, the shipment could be too heavy to be shipped by air making it fair for production to be outsourced from China.

Benefits and Risks

The benefit achieved in importing products from China is that the inspection is carried out by a third party so as to enable the mistakes in the products to be ironed out before reaching the US markets. Another benefit is that quality control in the production plant is put in place. Chinese companies also conduct education for importers (Power et al., 2006). On the contrary, the importers can import a dangerous product which will consequently lower the volume of sales. In this regard, faults in the product can harm the standing of the firm owing to meager quality products. Risks of terrorism and currency fluctuations should be put into consideration. Other risks include; the uncertainty of the quality of products and challenges of keeping the Chinese chain control.