

How Will a China Collapse Affect USA HR Departments?

For decades, the Chinese housing boom was driving rapid growth of the country's economy. The [pace of development and economic growth was one of the fastest sustained economic expansions in history](#), driven by a rising population and urbanization. However, recent trends show that this may be the end of this period of exponential growth. Taking a look at the China economy collapse latest news, the housing market has taken a sharp downward turn as the Chinese government has attempted to reign in developers' borrowing.



What's Happening in China?

China's housing market has accounted for as much as 30% of the country's economy. For decades, developers in China would sell apartments before they were

completed. In turn, these sales funded additional development projects and rapid expansion. More recently, the Chinese government began cracking down on excessive borrowing in the real estate industry to limit the rising debt and curb housing prices. At the same time, Chinese officials have stated that the country's current inventory of vacant apartments far exceeds the country's population of 1.4 billion residents.

Will the Chinese Economy Collapse?

Despite the current state of the economy, experts believe that China will avoid a total collapse. [According to a finance professor in Beijing](#), "China is very unlikely to suffer from a financial crisis or sudden collapse. Much more likely is many years of slowing growth as it grinds away at debt and slowly rebalances demand towards more consumption and less nonproductive investment." Within the country, the economy continues to suffer from a lack of consumer confidence as well, [given the lack of demand-side stimulus during the pandemic](#) that was seen in the United States.

US Implications

Fortunately, the China economy collapse latest news [may have little effect on the United States](#). Because China isn't a large customer of US exports and the financial systems have few ties, the effect could be minimal. In fact, the US has played a role in this economic decline as the post-pandemic demand for consumer goods has declined, given the increasing demand for experiences and vacations. In addition, some experts believe that Chinese investors may seek to move their money into US-based investments, lacking domestic opportunities. This could actually benefit the US.

In the latter part of the 20th Century, [China began to dominate the global manufacturing sector](#) as companies outsourced manufacturing to the country in favor of low labor costs, well-developed infrastructure, strong technology, and favorable government support. However, in more recent years, more companies

have been eager to move manufacturing out of China to better comply with US regulations, conduct business in countries with greater stability, and have facilities located closer to major markets (especially as fuel and shipping costs remain high), among other factors. [This is often referred to as nearshoring](#) (relocating business operations to nearby countries) or reshoring (bringing operations back to a company's home country). Reshoring can also help to alleviate supply chain disruptions, such as those that were seen during the pandemic when manufacturing in China slowed dramatically.

There had been concerns about a China-dominated trading bloc, which offered only weak protection for intellectual property, that would prohibit access for American companies. However, as the Chinese economy weakens, China could prove to be a less attractive trading partner for many companies.

How Does This Affect HR Departments?

While the long-term implications of the China economy collapse latest news may be difficult to predict with any certainty, some aspects like the potential for reshoring, could greatly affect HR departments across the US. Since reshoring can offer many potential benefits to companies, such as better-quality control, quicker time to market, and greater opportunities for a more flexible manufacturing process, HR departments should prepare accordingly.

Shoring operations can pose a challenge for HR departments, especially as they deal with an increased headcount or different labor laws to contend with. For example, companies' reshoring manufacturing operations from China to the US will have to ensure they comply with US employment and payroll regulations, which are often complex and are always evolving. If companies were previously outsourcing work to China, then there may have been fewer employees to manage than after nearshoring business processes.

How Do Companies Address These HR Challenges?

Fortunately, there is a solution that companies can leverage to ensure their HR needs are covered amidst China economy collapse latest news. For many companies, turning to HR outsourcing provides the valuable support that companies with 75 to 6,000 employees need to effectively manage HR tasks as they move manufacturing back to the US or other nearby countries. An outsourcing partner can help to ensure that payroll and benefits administration is handled with accuracy, competency, and compliance.

During these times, having a partner you can count on is essential. For example, opting for an HRO like Corban OneSource, whose staff is all located within the US, can help streamline HR processes and facilitate smooth communication. When your HRO and its staff are all within the US, you'll never have to worry about dealing with staff in faraway time zones that can bottleneck communication. Instead, support is always within a few time zones, which means you'll get responses promptly, which is essential when dealing with time-sensitive HR matters. In addition, this will enable you to provide a higher level of service to your employees.

A good HRO will also remain up-to-date on the latest developments in employment and payroll regulations, which means you'll always be compliant. Your outsourcing partner should also be able to provide a high level of expertise that may be difficult to hire in-house.

These reasons, and many more, point to why you should consider outsourcing HR functions as the economic situation continues to develop in China. Corban OneSource has extensive experience working with clients that have 75 to 6,000 employees. In business for over two decades, we also have first-hand experience helping clients navigate turbulent and uncertain economic environments. With Corban OneSource, you can rely on a quick response time and an error-free high-level of service. [Contact us today to learn more about our HR outsourcing services](#) and how your company can leverage them to gain a competitive edge.