The Experience of Foreign Countries In The Provision Of Raw Materials In The Effective Management Of Oil Enterprises.

Juraeva Nodirakhan Kurbanovna.
Senior lecturer of Fergana State University (PhD).

Industrialized countries have a more standard mechanism for supplying raw materials. For example, the supply of raw materials for the production process in the European Union countries is based on the system of warehouses of supply enterprises, central warehouses and warehouses of supplied enterprises.

Figure 1 below shows the raw material supply scheme of developed countries. Based on this scheme, the traditional raw material supply system of developed countries is based on the principle of reserve. In this case, a document is required to obtain the necessary resources for production in the warehouse of the enterprise, where these materials are selected and given to the recipient or delivered directly to the workplace. If the materials required by the enterprise are not in the warehouse of the enterprise, a request is sent to the purchasing department. On demand, the purchasing department places an order and sends it to the supplier. The supplier accepts the order and ensures the shipment of the goods. Most goods are shipped at the customer's facility, usually by road or rail. The ordered goods are received at the central receiving point of the enterprise after their receipt. Here they check the quality of the goods, their quantity and compliance with the nomenclature requirements. After filling out the relevant documents on the origin of the goods, they are delivered to the networks.

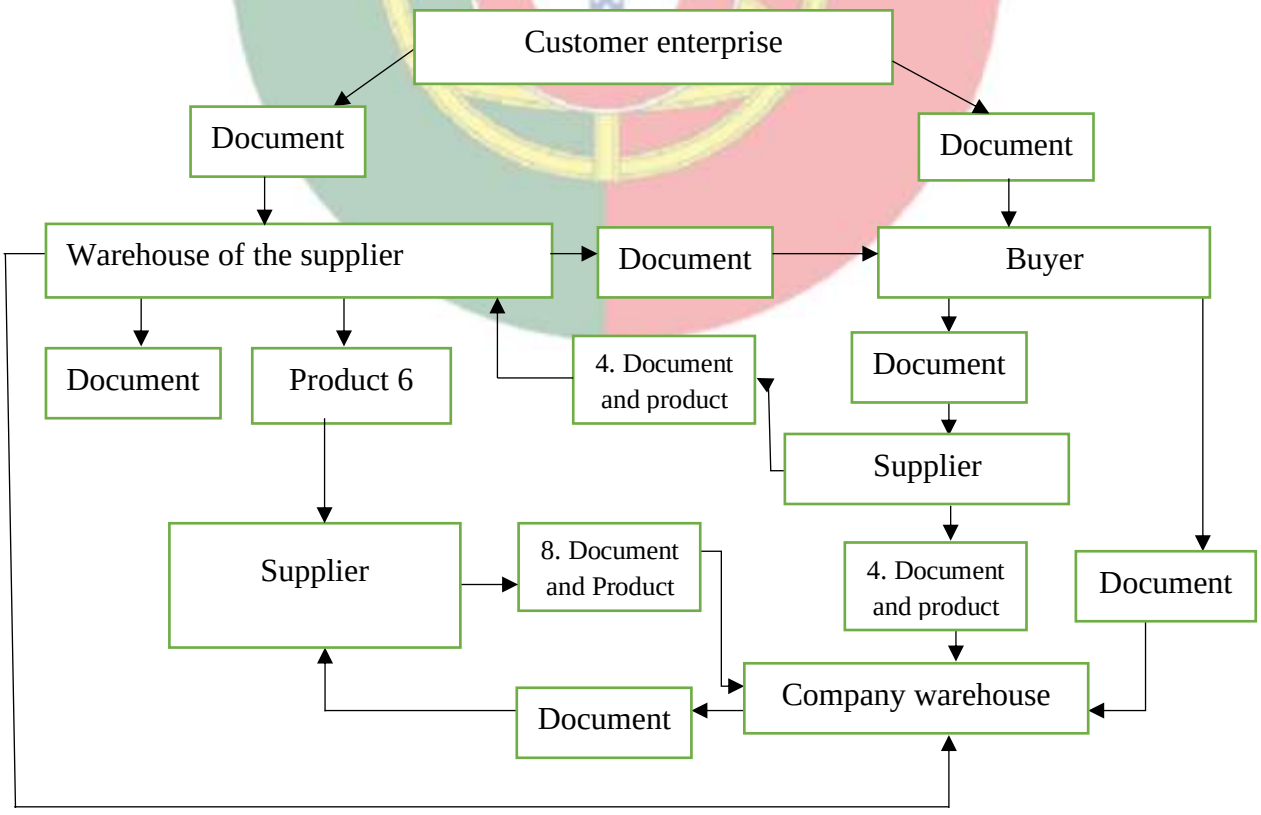

Figure 1. Raw material supply scheme of developed countries[1]

[1]https://smekni.com/a/136940-5/zakupochnaya-logistika-ponyatie-i-struktura-2-5/

Due to the serious branching of economic relations and various options, as well as the strict consideration and control of the raw material supply system of the company's management, the flow of documents corresponding to the transition from one structural element of the above scheme to another mainly consists of specially developed forms. For example, the purchasing department or the intermediary sends 9-10 documents to the supplier, and the supplier submits up to 14 documents to the central point when filling out the application. In this regard, the system of contracts concluded with intermediaries in the practice of supplying production with raw materials has proven itself well.

In this regard, the experience of enterprises in developed countries or EU countries shows that their own warehouses usually meet their needs only by 50-60%. A well-organized warehouse of a sales intermediary can cover 90 percent of the demand for goods[2].

According to international standards, the contract documents include: the contract itself, catalogs of goods, contracts on the preparation and delivery of orders, as well as instructions for monitoring and accounting for the fulfillment of contract terms. All documents are designed in such a way that computers can be used in the three stages of the raw material supply process. The organization of the production process itself has a significant impact on the raw material supply system in the face of sudden changes in the situation in the sales and purchase markets.

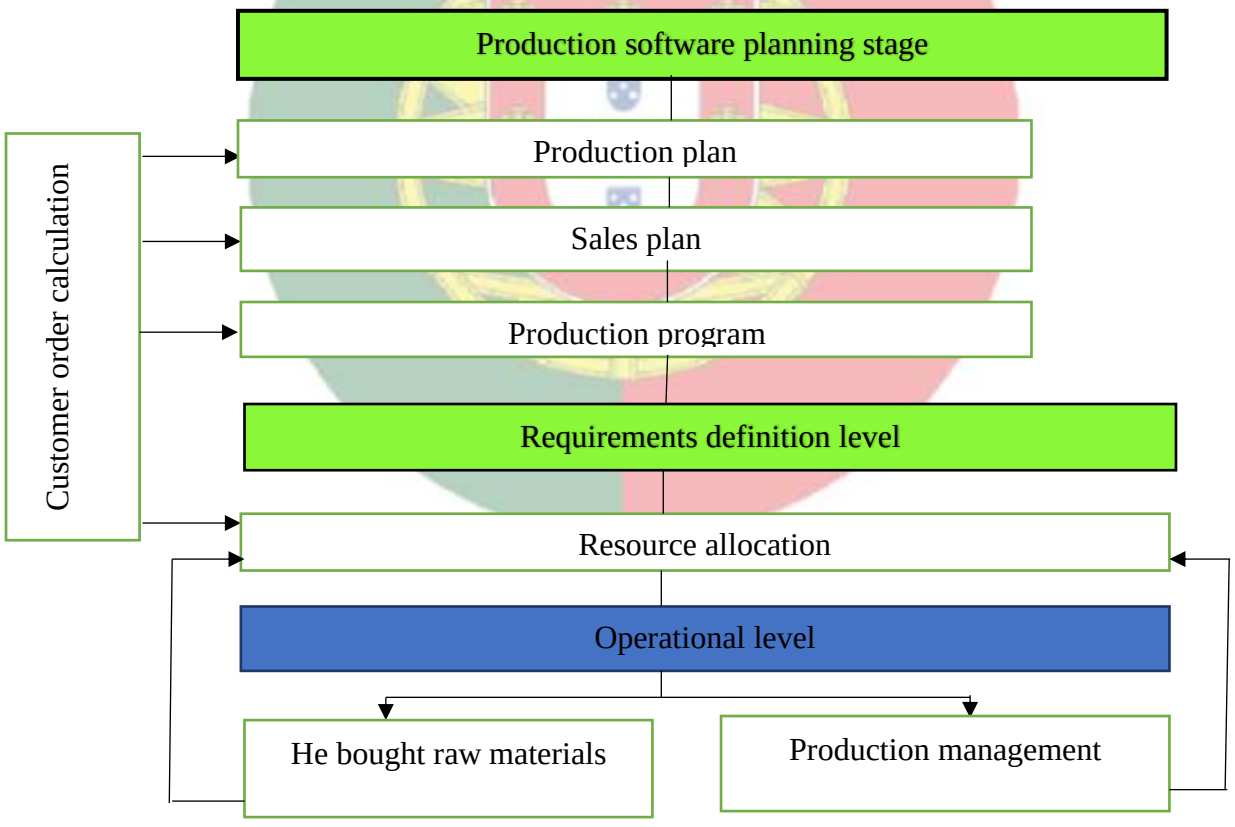

Figure 2. Material requirements planning system[3]

[2]https://smekni.com/a/136940-5/zakupochnaya-logistika-ponyatie-i-struktura-2-5/
[3]Developed by the author based on research results

A major supply chain problem in the raw materials market of developed countries is that market demand is constantly changing in the time between the initiation of supply and the use of components. This leads to a situation where the delivery time may be delayed due to the lack of some other components to fulfill the existing orders in the production of products. In the last decade, a number of delivery methods have been developed that are focused on the specific needs of production (taking into account the conditions of production and the need arising from the final installation).

The figure above shows the material requirements planning system. They are:

the first is a material requirements planning system that covers three levels of planning. In this case, in the material requirements planning system, first of all, software planning is carried out, then - material distribution and procurement management. (where the actual deviation from the plan is returned to the planning level and a closed system appears) (Fig. 2).

The image below shows the Just-in-Time procurement system. This method is a Just-in-Time (JIT) method of delivery, with the help of which the accumulated stock due to frequent ("fractional") deliveries is drastically reduced (Figure 3).

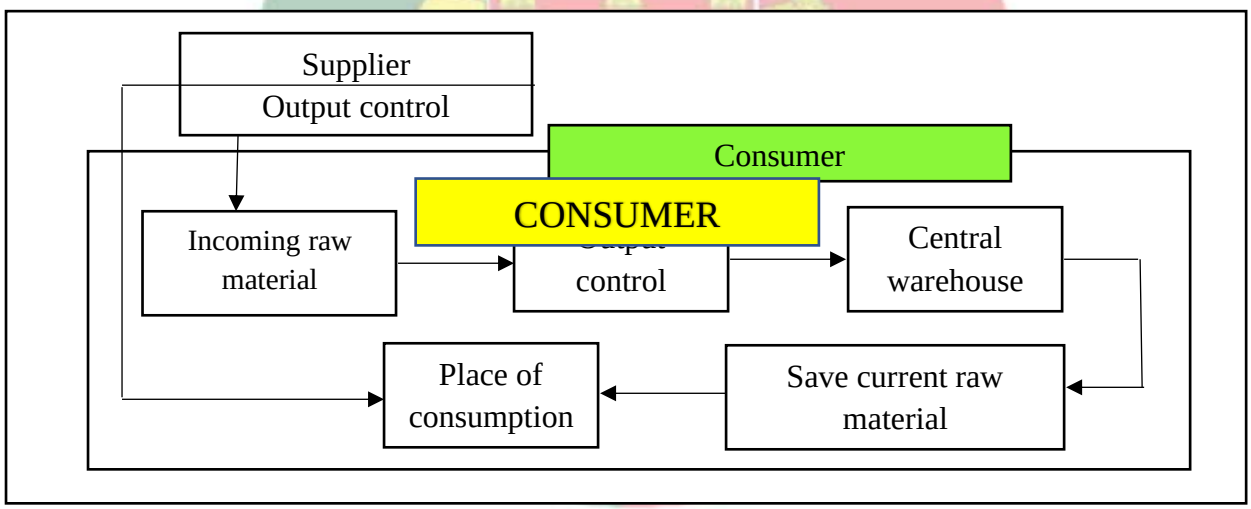

Figure 3. Just-in-time procurement system[4]

The next delivery method is the purchase order system. The picture below shows the system for purchasing products on orders. Accordingly, according to the structure of the purchase order system, standard contracts are concluded with suppliers that contain long-term needs (forecast indicators (demand for large-scale purchases is formed at a certain level, and then a certain supply volume is adjusted to demand)), and information about current needs is gradually is requested on the basis of improvement.

[4]Developed by the author based on research results

When a request is received in the form of an order, the method of electronic communication between the customer and the supplier based on the transfer of the necessary data, and the information about the delivery and transportation is displayed in a direct computer-to-computer connection.

Raw material supply management is a series of activities that establish the relationship between the production program, sales and the need for materials. In order to purchase goods on time, a sales forecast is prepared before the customer's order is provided. Forecasting accuracy is important for determining inventory levels, product availability, and product manufacturing and selling costs. Based on the forecast, a production plan is drawn up for successful production. It is worth noting that the above-mentioned tasks should be performed in such a way that an important production program should be managed in the future. Then the production program serves to determine the demand for the product

After determining the composition of the need for raw materials and components, enterprises choose an action program and arrange delivery. All of them are divided into traditional and operational (on the basis of minimum inventory in the warehouse and quick communication between the supplier and the consumer). If we consider this process as an example of continuous operation of an oil company, in this regard, it is appropriate for the enterprise to draw up a production program a week before the production of the next product based on specific orders of demand for the product, and on the basis of it, the subcontractor organizes his production process.

Of course, in each country, the terms of operation of procurement structures within the framework of raw material supply are different. The following main types of procurement are used in US enterprises.

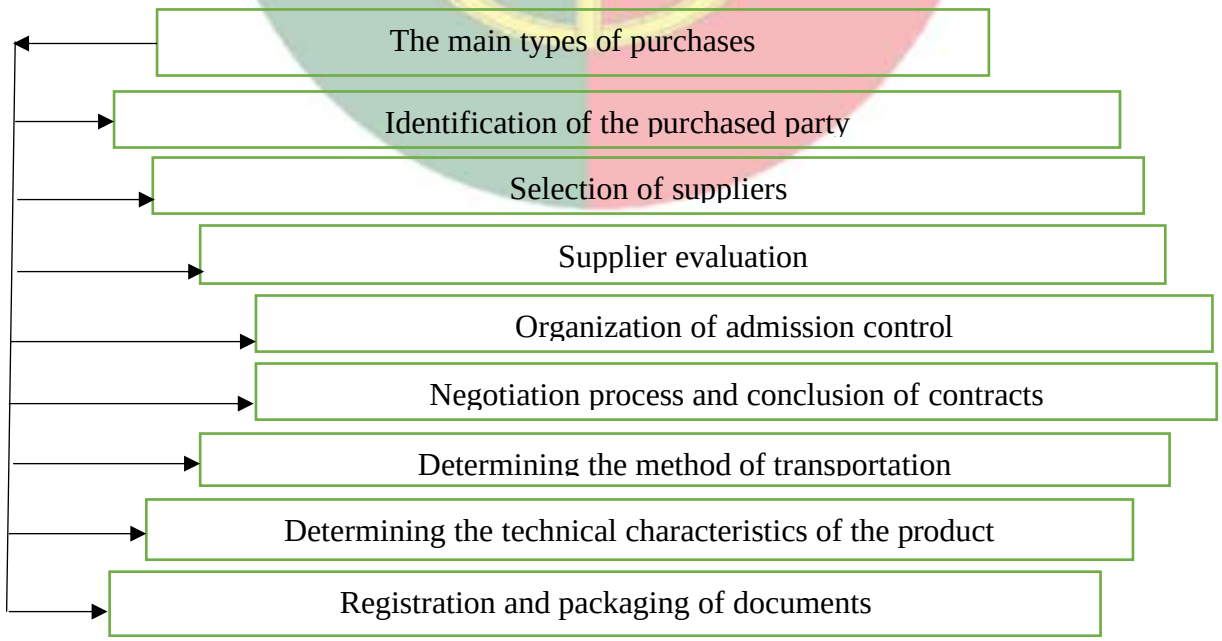

Figure 4. The main types of procurement in US companies[5]

[5]Developed by the author based on research results

In the supply of traditional US enterprises, these activities are used very differently than in operational situations. For example, the purchase of traditional raw materials is carried out in large volumes with less frequent deliveries, and from the operational side in small batches with frequent deliveries. When the supplier is evaluated by traditional methods, he pays attention to the quality of the goods, the organization of delivery and the price (up to 2% deviation from the quality requirements is allowed). In the operating system, invalid raw materials are absolutely unacceptable. The main goal of negotiating and concluding a contract in the traditional supply of raw materials is to achieve high-quality goods by signing the lowest price, speedy contract and setting an acceptable price.[6].

Working with documents is a time-consuming process, and changes in the delivery date and volume of a new purchase order are coordinated with the traditional approach. If the operational documentation system is less, the delivery time and volume will be agreed via the Internet, and the terms of product packaging will also change. According to the traditional approach, packaging and numbering of each type of part is usually done in the absence of a clear description of the contents of the goods. For packaging under new conditions, small standard containers are used, which contain a specific amount of material or parts and their specific operational characteristics.

Let's take a closer look at the supply of raw materials through the traditional approach described above. According to the traditional approach, the buyer is selected from any possible supplier that suits the buyer in terms of three parameters: the quality of the purchased material, the terms of delivery and the price. It is possible to determine which of these factors are important by examining how their importance is assessed. In addition, at least 20 factors are evaluated at the same time, but two of the above are still the main factors.

The receiving department is responsible for quality control, counting goods, and identifying incoming goods, according to traditional U.S. raw material supply practices. Of course, each country has its own characteristics regarding the supply of raw materials.

In particular, in Japan, the supplier himself performs the control and acceptance functions. Quality assurance is provided before the product leaves the factory. Today, many US companies are transferring responsibility for quality to direct production of products purchased through suppliers without special control.

Since the buyer has many sources of supply in the markets of the European Union, in the process of negotiating the contract, he aims at the desire to minimize the costs when determining the fixed parameters of the purchased goods. An important aspect of making such a decision is felt to be the short-term nature of the contract and the possibility of its termination due to price increases.

The exact opposite principles lie in the supply of raw materials according to the production structure, that is, the buyer tries to reduce the sources of supply, and a "fair" price is sought for both parties for the goods under negotiation. It is recommended to rationalize the production of technical innovations and delivered products. Special attention is paid to the main quality factor when

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concluding the contract. Contracts will be long-term as a result of additional negotiations to adjust prices and specifications.

The method of supplying raw materials through a single supplier is causing intense debate among experts in developed countries. In addition, the word "sole" is understood not only as a unique supplier of products, but also as a source of satisfaction of the customer's demand. Arguments advanced by those against the use point firstly to the unreliability of the system, where supply problems can result from strikes or other production disruptions.

Secondly, the position of the buyer is not different in the relationship with one partner. As a result, the buyer may be "under the power" of the supplier. This view is not unreasonable, but it is believed that the risk can be minimized by having suppliers of raw materials by establishing partnerships with suppliers using a system of rational consideration of mutual interests.

As noted above, in a traditional relationship structure, the buyer maximizes the desired benefits from multiple sources. Such a strategy consists in ensuring continuous supply in the case of difficulties in calculating price optimization under the influence of market competition with one of the suppliers. Despite the accuracy of this approach, in many cases, by creating a supply mechanism that exists in the commodity markets of developed countries, it is possible to reduce the costs of the supplier, reduce the price paid by the consumer and improve the quality.

By establishing an effective cooperation with the enterprise, which is the sole source of supply of raw materials, the buyer first of all provides a well-established communication channel with the supplier. In turn, the supplier provides necessary information on its technical capabilities and alternative options in order to reduce the cost of the product. Cost reduction consists of reducing the supplier's order fulfillment, transportation and unloading costs. It is possible to observe the connection between the establishment of the above-mentioned cooperation and the reduction of costs for product quality assurance as a result of the decrease in the volume of goods returned to the supplier. Cost reductions can also occur as a result of quality improvement programs, which typically precede collaboration.

Based on the analysis of the information about the costs provided by the supplier to the buyer, partners can establish a stable long-term relationship. The enterprise ensures the accuracy of the calculation of the volume of raw materials delivered, frees the buyer from the need to conduct on-site inspections. This is especially important for real-time systems. In this case, shipments are delivered to a very strict schedule and often directly to production facilities. In addition, it is desirable to reduce the costs of conducting economic relations between suppliers and buyers. Because this relationship becomes a partnership.

A consumer looking for a single-source supply is usually concerned about the lack of a competitive factor in this system. The cost factor plays a big role in cooperation with an enterprise that works as a single source of raw materials. Long-term contracts are priced based on price rather than any other metrics. This does not mean that the price only reflects costs. However, the commodity price is a major component of the wholesale price and is usually advertised to the customer.

Summarizing the above-mentioned foreign experiences, it is possible to significantly simplify the flow of raw materials and goods based on the results of conducting certain surveys, which, in our

opinion, have even fewer dependencies in the current conditions of telecommunication development and digital economy. Because, in the current information system, the system provides short communication between the supplier and the consumer. The functions of selection and delivery of goods are given to a supplier who performs distribution functions, has warehouses, and is an intermediary between wholesale industrial enterprises, rather than a manufacturer of raw materials and components.

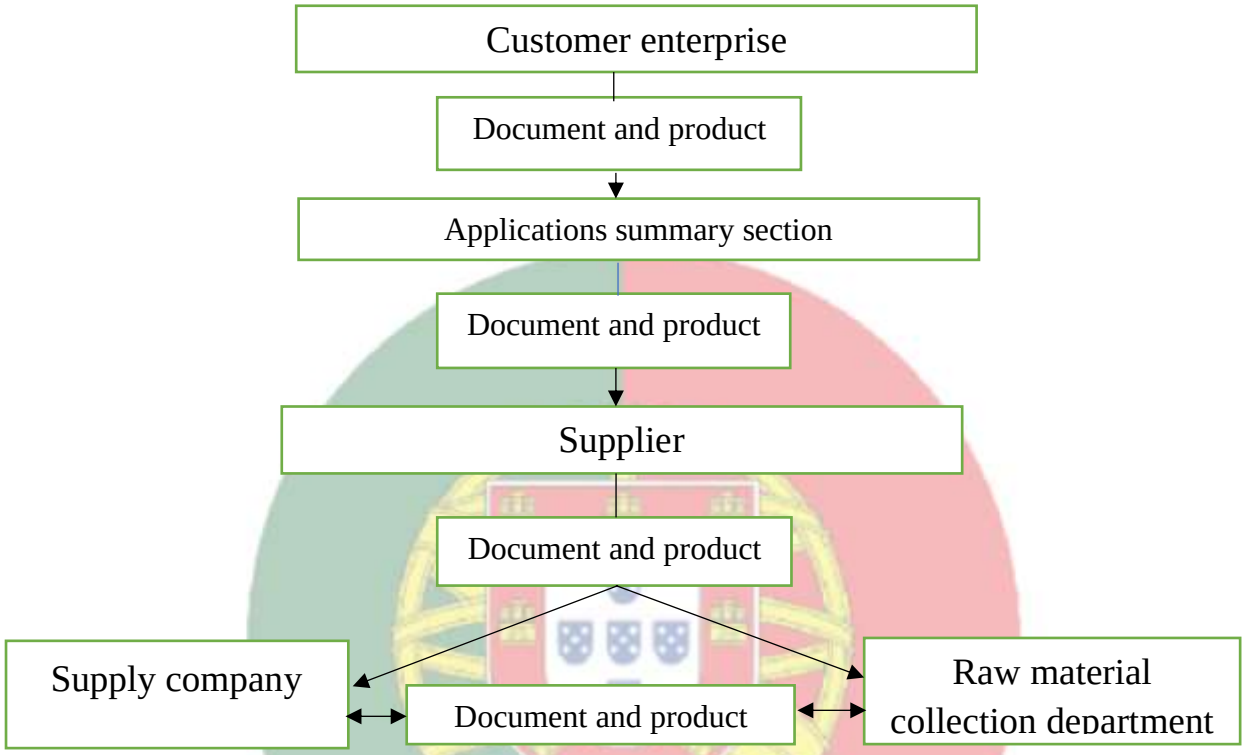

Figure 5 - An improved mechanism for supplying raw materials to enterprises with the participation of intermediaries[7]

In the picture above, the customer sends a request for raw materials and materials directly from the production warehouse to the place of registration (concentration) of orders. The registration point sends a request for goods to suppliers integrated with the contract system once or twice a day. The supplier will send the requested goods the next day. They are collected and tracked on each order at the place of collection (in warehouses). The delivery schedule is drawn up in the form of a monthly summary of indicators collected jointly by the supplier and the customer. Form 14 is filled in instead of the application form, which will be a document registering both the order and the delivery and receipt of goods.

The above-mentioned improved system of contracts for raw materials has advantages such as reduction of papers and, accordingly, administrative costs, reduction of time compared to the traditional ones. The main gain for consumers here is the ability to move away from their warehouse system. The system of contracts allows the capital frozen in reserves to be released. The practice of

[7]Developed by the author based on research results

using this system has shown that the reduction of storage and transportation costs allows to reduce the cost of goods delivery in the range of 5-20%.

After achieving significant time and cost savings, the supplier companies agree to higher prices for various services provided by the intermediary. In some cases, wholesale warehouses offer services that directly affect the customer's technological processes. The ability to organize urgent delivery has an important place in the provision of raw materials under contracts. The required resource can be delivered to the customer within 24 hours through a sales organization with a wide range of samples.

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