

MODERN APPROACHES TO INVENTORY MANAGEMENT OF AVIATION ENTERPRISE

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UKRAINE

СУЧАСНІ ПІДХОДИ ДО УПРАВЛІННЯ ЗАПАСАМИ АВІАЦІЙНОГО ПІДПРИЄМСТВА

АНОТАЦІЯ | ABSTRACT :

Today stocks have an important role, as they are the most significant part of the assets and costs of aviation companies. Inventories ensure consistency, continuity and rhythm of the entity, so guaranteeing its economic security. Properly organized accounting reserves (qualitative awareness of their presence and movement) is essential factor in managing the production process of the aviation enterprise. The choice of approach to the inventory management and correct accounting depends on the veracity of the data on revenues and costs, that the airline has at the end of the reporting period. Thus, the area of accounting inventory management is an important component of any enterprise, so the question of research and find the modern approaches to inventory management of aviation company is an actual problem nowadays.

Сьогодні запасам належить важлива роль, оскільки вони є найвагомішою частиною активів та витрат авіаційного підприємства. Запаси забезпечують постійність, безперервність та ритмічність діяльності суб'єкта господарювання, гарантуючи його економічну безпеку. Належним чином організований облік запасів (якісна поінформованість про їх наявність та рух) має суттєве значення в управлінні виробничим процесом авіаційного підприємства. Від вибору підходу до управління запасів та правильності ведення обліку залежить правдивість отриманих даних про доходи та витрати, які авіапідприємство має на кінець звітного періоду. Таким чином, ділянка обліку управління запасами є важливо складовою будь-якого підприємства, а дослідження сучасних підходів до управління запасами авіаційного підприємства є актуальним питанням.

КЛЮЧОВІ СЛОВА | KEYWORDS :

inventories; inventory management of airline; inventory accounting; approaches to inventory management; запаси; управління запасами авіаційного підприємства; бухгалтерський облік запасів; підходи до управління запасами.

FORMULATION OF THE PROBLEM.

The central place in the system management of current assets of each entity belongs to inventories. Today the problem of optimizing inventory is quite actually for enterprises of aviation industry in Ukraine. It happened, because the stocks adaptation to the specific operation of national enterprises can significantly reduce the costs of executives, increase the efficiency of activity and make airline profitable. Solving problem of inventory management by proposing modern approaches can ensure improvement of such important economic indicators for the airlines, as payability and liquidity, which is very important for their effective activity and development in general.

In the current market conditions the purpose of economic activity is to achieve a positive financial result, which depends on the demand and requirements of consumers. Fulfilling of customers needs in a particular product is the key for strategic planning of the

aviacompany, one of the directions of such activity belongs to inventory management.

ANALYSIS OF RESEARCH AND PUBLICATIONS.

A lot of different national and foreign economists, accountants and academics, including: F. Butynets [5], S. Holov [6] V. Len [8] H. Folmut [9] have been research a such area of accounting, as the inventory management of airlines.

In our opinion, the proper accounting of inventories is one of the important criteria for successful management of the aviacompany.

S.Holov, national economist and researcher, believes that essence of inventory management in that it can reduce inventory to a reasonable level, which ensures the continuity of the production process [6].

F.Butynets, modern scientist, suggests that there is no company or organization, which doesn't be faced with inventory accounting during his business activity. A scientist in his work demonstrates the importance inventories in the general structure of the

current assets. His belief is based on the fact, that how properly is organized inventory accounting and control on them – how correct and compliance are financial statements and information about costs and profits within them. [5].

However the effective inventory management of airlines is staying an unsolved and unexplored issue in complex area of accounting nowadays. Such topics as comprehensive analysis of existing approaches to inventory management, identifying strengths and weaknesses, develop new, modern approaches and their possible adaptation to the economic development of innovative processes in Ukraine more and more are interested for theoreticians and academics.

THE PURPOSE OF THE ARTICLE.

To study the organization of airline accounting reserves, analysis the importance of choice approach to inventory management, and projection modern approaches to the management of this group assets in the aviation industry.

THE MAIN MATERIAL.

Inventories, that are part of the current assets of organization, together with the receivables belong to the group of assets, which are slowly sold with an average risk of investment in capital. Therefore, regular analytical work of ensure optimal inventory levels must be established, because it's need for the normal functioning of production and marketing of products airlines. Let's analyse the definition of «inventories» in Fig. 1, based on different authors opinions:

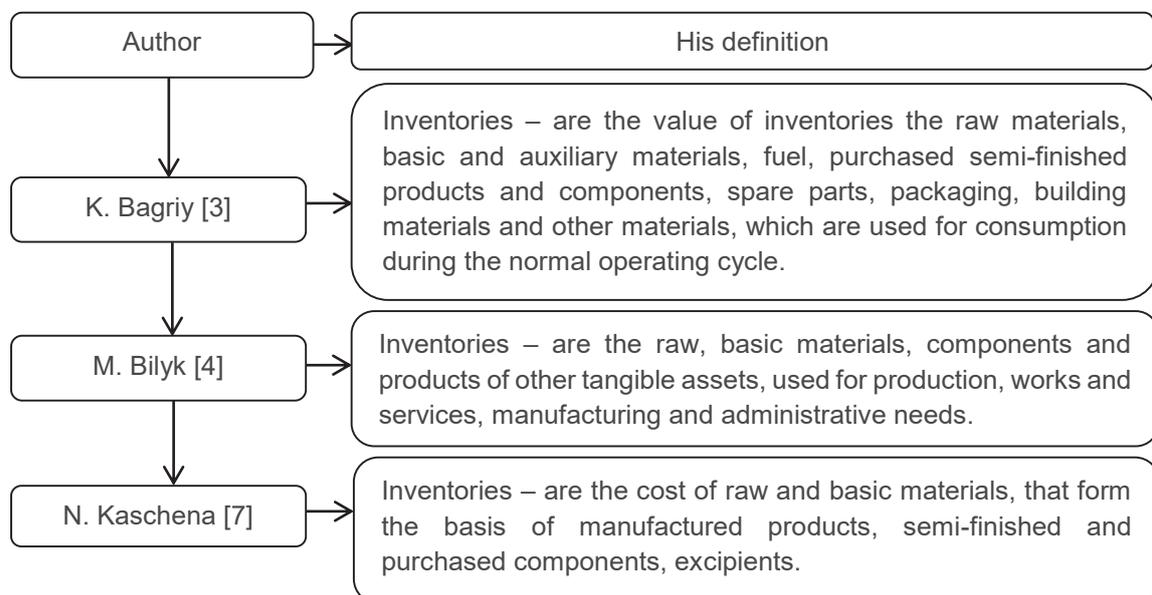


Fig. 1. Main approaches to definition of «inventories»

After analyze the author's approaches, we are sure, that inventories are one of the important components of the entity property, which are necessary for the normal activity and his expansion. By the way inventories, changing its material form, gradually involve in the trade and transform into the revenue. We must add, that inventories are replaced by other parties of products, namely they are regularly updated and stay constant, the amount of which varies depending on the specific economic conditions, necessary for their ongoing accounting, control and analysis.

Today there are several methods of accounting inventories in stocks of avia companies, analyzed by authors of scientific article in Fig. 2.

In order to develop the national economy

should be ensure the production of competitive products and its further implementation at the national and international markets.

It should be noted, that the ensuring effective growth of productive capacity of Ukrainian enterprises requires the development of modern approaches to inventory management, which are based on information about available inventories on the stock of aviation companies.

Therefore, the creation and implementation the modern ways of increasing the effective activity of enterprises provide improvement of inventory accounting, on which managers and business leaders will made further management decisions.

We think that the process of inventory management on the aviation enterprise must be organized such way as to ensure

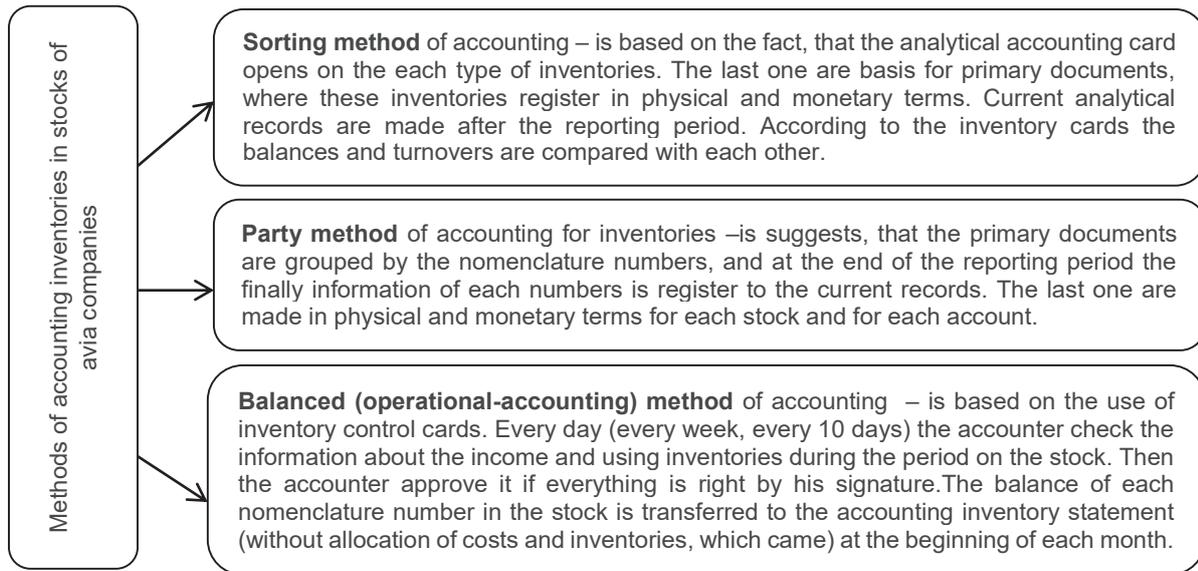


Fig. 2. **Methods of accounting inventories in stocks of aviation enterprises**

the continuity of the production process and to prevent the overage of inventories on the airline stocks at the same time. Thus, the available amount of inventories must be not a big for not diverting the production process from circulation, and not a small number - to avoid empty stocks and avoid stopping the production flow.

Analyzing the work of contemporary scientists and describing the importance and relevance of this scientific topic today, let's justify the importance of developing modern approaches to inventory management.

So, good inventory management for aviation companies provide:

- proper inventory placing on the airline stocks;
- effective operational supervision over the movement of inventories, support their level and making the quickly decisions to support the state of these assets;

- quantitative and qualitative conservation of the inventories on the stocks of the aviation enterprises.

Inventory management has two main aspects. One relates to providing enterprise the inventories in sufficient quantities, in deadlines and in the right place, required to manufacture products. The second aspect is related to the cost of supporting a certain level of reserves. Based on these judgments, the airline regulates the level of inventory production, determines the terms and volume of orders and develops a model for management decisions in the future.

In our opinion, the airline have to develop such approach as is the most optimal in according to it's feature and characteristic.

The importance of developing appropriate approaches to the management of airline inventory is analyzed by the authors in Fig 3.

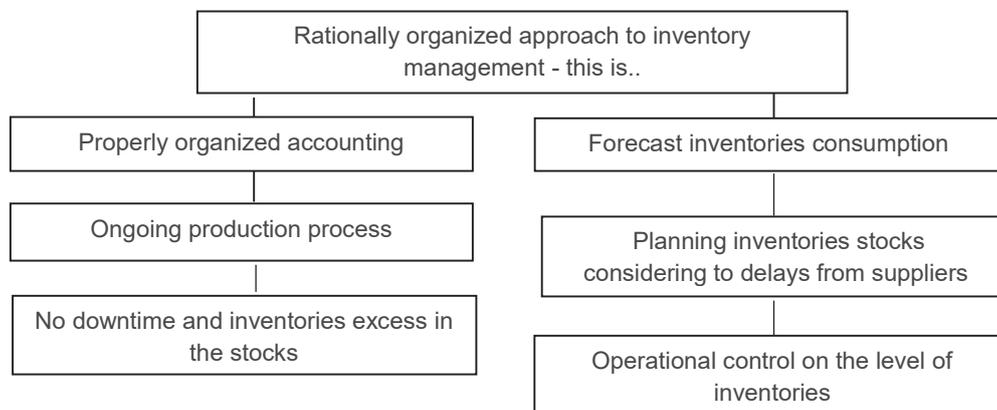


Fig. 3. **Influence of the chosen approach on the airline's work**

So the new approaches to inventory management for aviation enterprise - this is a set of specific methods, techniques, methods and approaches of regulation inventories, that can help to control the movement of inventories, their level and availability.

Inventory management - is quite a complex process, that involves the rapid maneuvering resources, materials, parts, acquisition, goods, finished products, which have to ensure the continuity of production and sales.

Every aviation company develops the most convenient and optimal approach to the inventory management. Choosing a particular approach depends on the individual characteristics of enterprise, namely on:

- organization the working process of people, which operate with inventories;
- the production process;
- relationships with suppliers and contractors;
- how quickly suppliers work;
- transportation of inventories;
- people, who are responsible for their saving;
- etc.

We are sure, that it is necessary to

develop a modern approach to inventory management, which provides the greatest benefit from its using at the all stages of business aviation activity.

So, using the new modern approach to inventory management can ensure:

- ongoing comprehensive controlling on the inventories movement, namely organizing and optimizing their entry, movement and use during the report period;
- uninterrupted production cycle on the aviation enterprise;
- minimizing dependence of the aircompany on its suppliers;
- determining the optimal size of the order and the value of inventories,
- controlling of established norms;
- motivating workers, who have deals with inventories;
- avoiding the risk the price increases of raw materials, parts, acquisition and so on.

According to the foregoing, we think, that the modern approach to inventory management for aviation companies can be organized by using the components, described in Fig. 4.

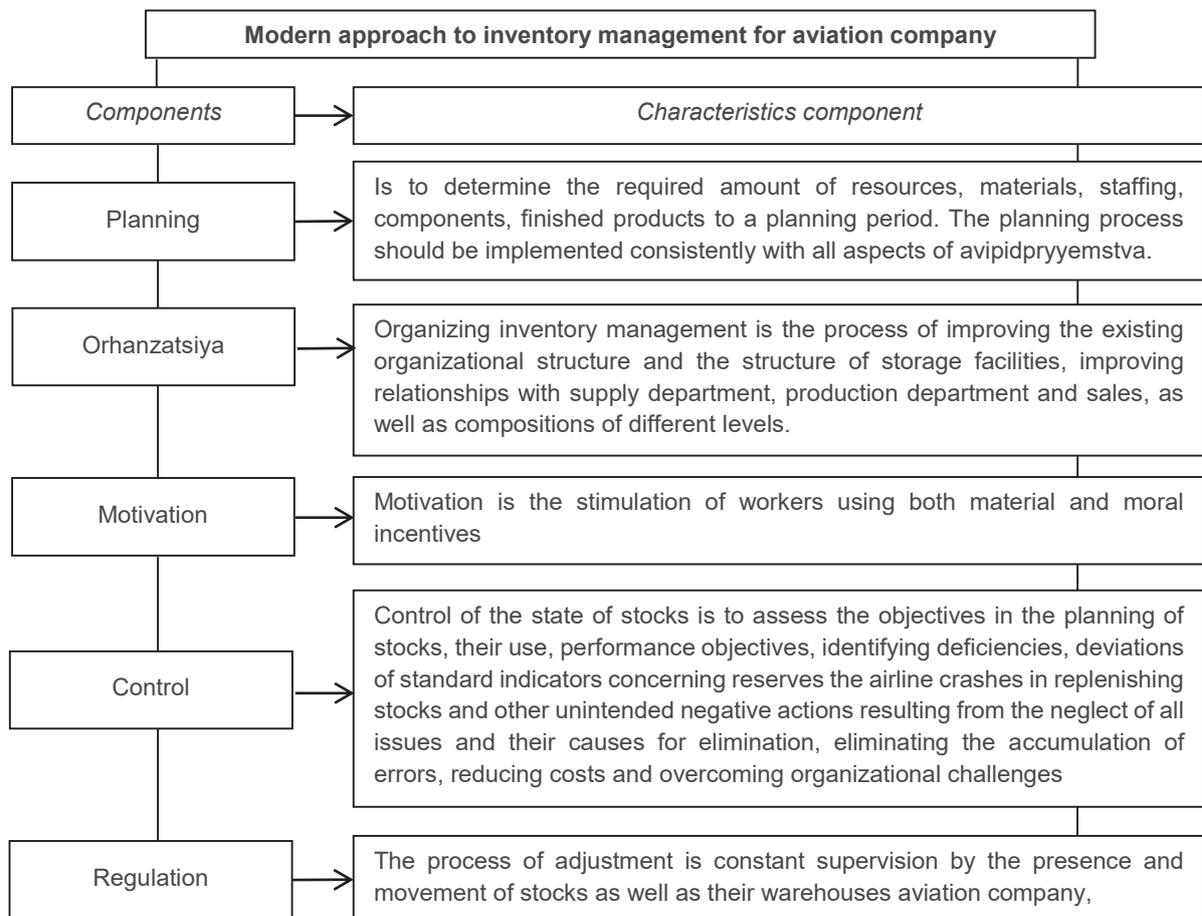


Fig. 4. The modern approach to inventory management for aviation company, created by the authors of the article

Thus, each airline during its business activity must choose the most optimal approach to inventory management. Indeed, as the authors analyzed above, the role of the chosen approach is essential to effective management and operation of the air company. So we can conclude, that both properly organized inventories accounting on the organization, and continuity of production process, and efficient management of assets directly proportionally depend on the chosen approach to the management of such current assets, as inventories. Besides, correct chosen modern approach can improve the economic performance of airlines, both

solvency and liquidity, ensure the enterprise's development and keeping its competitive position on the market.

CONCLUSIONS AND SUGGESTIONS.

Therefore, the inventories are one of the important part of the airline assets. So the correctly organized inventories accounting, carefully analyzed and chosen methods and modern approaches in managing inventories are the important criterias for the airline's success, its development, and the guarantor of increasing such key economic indicators, as solvency, liquidity, and as a result – getting a positive financial result at the end of the report period.

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