



THE INTRODUCTION OF ERP-SYSTEM AS A MEAN OF INCREASING THE INVESTMENT ATTRACTIVENESS OF AN ENTERPRISE

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STATE OF THE ISSUE

A great number of foreign companies, which involved in the development and implementation of management systems exist at the enterprises of various levels and different industries, however, it should be stressed out that these systems are practically not implemented at the enterprises of medium-size and small segments of business.

MATERIALS AND METHODS:

The conducted research is based on scientific developments of well-known Western experts. In addition, the main advantages and disadvantages of the implementation of optimized enterprise resource management systems, affecting all key performance indicators, were investigated.

RESULTS:

The main advantages and disadvantages of using ERP-systems are shown. The possibility of introducing ERP-systems from the point of view of financial investments, as well as the technical possibilities of their implementation at the enterprise, taking into account the specifics of the market, have been investigated.

CONCLUSIONS:

The study results of showed that the automation of the administrative process at the enterprise allows to increase the level of its investment attractiveness through the implementation of communication flows within the company, which ultimately makes it possible to increase the customer's loyalty to the goods and services provided by the company.

KEY WORDS:

automation of management processes in a company, enterprise resources, ERP systems, client.

Western companies are developing, in turn, implementing the specialized management systems, in an effort to automate and optimize the processes, which is closely connected with the enterprises' management of external and internal resources. A great number of foreign companies, which involved in the development and implementation of management systems exist at the enterprises of various levels and different industries, however, it should be stressed out that these systems are practically not implemented at the enterprises of medium-size and small segments of business.

Owing to the fact that there are problems of real financing at enterprises associated with its high cost, professional systems work fully only at the level of large corporations, as well, because of the peculiarities of the legislation. In the article, we try to show an attempt to analyze the advantages and disadvantages of an enterprise resource planning system, moreover, to give recommendations on justifying the integration of this system in medium-sized enterprises.

The term Enterprise Resource Planning (ERP) can be applied in two ways, according to the APICS (American Production and Inventory Control Society) vocabulary. The former is an information system for identifying and organizing all the resources of the enterprise that are necessary for the implementation of sales, production, purchasing and accounting in the process of fulfilling customer orders. The second (broader) is a methodology for effective planning and management of all enterprise resources that are necessary for the implementation of sales, production, procurement and accounting in the execution of customer orders in the areas of production, distribution and services [1].

To facilitate the flow of information between all business functions within the enterprise, as well as to maintain connections with participants in business processes using various



types of communications determines the main purpose of implementing an ERP system in the enterprises. The basis of the system is the principle of creating a single data warehouse [2], which contains all corporate business information and provides simultaneous access to it for any required number of employees of the enterprise, endowed with appropriate powers. It is also determined that this will not only increase the efficiency of the production activity of the enterprise, but also reduce the internal information flows, thereby reducing the cost of their provision. The main one, of course, is the following functional set of the ERP system:

- sustaining the design and technological specifications, which influence the composition of manufactured products, furthermore, material resources and operations required for their manufacture;
- developing the sales and production plans;
- organizing the requirements for materials and components, terms and volumes of supplies in order to fulfill the production plan;
- managing inventory and procurement: management of contracts, implementation of centralized purchases, accounting and optimization of warehouse and shop stocks;
- planning production facilities from large-scale organizing to the use of individual machines and equipment;
- operational management of finances, including drawing up a financial plan and exercising control over its implementation, financial and management accounting;
- project management, including planning stages and resources required for their implementation [3].

Classic ERP-systems [4], in contrast to the so-called "box" software, belong to the category of "heavy" software products that require a sufficiently long setup to start using them, which is the main feature of the implementation of this product in enterprises.

The preference, acquisition and implementation of an ERP system usually requires careful planning within a long-term project involving a partner company - supplier or consultant. Since ERP systems are built on a modular basis, in most cases, the customer does not acquire a full range of modules at an early stage of such projects, but a limited set of them, which is improved during the implementation of the system in all processes at the enterprise are approved. Any complication of software modules entails an

increase in the cost of their implementation, including the training of company employees.

It should be noted that the implementation and application of ERP systems in an enterprise has significant advantages, as follows:

- ERP-systems gives a chance to use one integrated program instead of several disparate ones. A single system can manage processing, logistics, distribution, inventory, shipping, invoicing and accounting;
- The means of differentiating access to information implemented in ERP systems are designed to counter both external threats, for example, industrial espionage, and internal, for instance, theft;
- It is implemented in accordance with a CRM system (Customer Relationship Management System) and quality control system, ERP-systems are aimed at maximum satisfaction of the needs of companies in business management tools.

The basic problems and difficulties at the stage of introducing ERP systems in medium-sized enterprises arise for the following reasons:

- The company owners do not trust high-tech solutions, preferring time-tested and experience-proven software products designed to solve enterprise management issues, which ultimately makes the project difficult to implement due to poor project support from their side;
- Departmental resistance to providing confidential information reduces the efficiency of the system.

It should also be noted that many problems associated with the operation of ERP systems arise due to insufficient investment in staff training, as well as due to insufficiently developed policy for updating and maintaining data in the ERP system.

There is a misconception that sometimes an ERP system is difficult or impossible to adapt to a company's document flow and its specific business processes. In fact, any implementation of an ERP system is preceded by a stage of describing the company's business processes, most often associated with the subsequent stage of business reengineering. Essentially, an ERP system is a virtual projection of a company.

The introduction of complex information systems also promises undeniable benefits for medium-sized enterprises.

First, the level of payment rises and the main debt to service providers decreases. At the same time, unclaimed debts disappear irrevocably



after some time due to the expiration of the statute of limitations on their demand. Debt reduction is often many times higher than the cost of implementing an information system, which cannot be achieved by increasing the sales and control staff.

Secondly, the efficiency of using the enterprise funds intended to increase the company's competitiveness in the market increases.

Thirdly, the automation of labor at the enterprise increases the productivity of employees and makes it possible to increase the efficiency, accuracy and reliability of the received reporting information.

Fourthly, the client's loyalty to the company and services increases due to the increased efficiency and quality of the service provided to the consumer.

CONCLUSION

Based on the abovementioned issues, we can conclude that the introduction of an ERP system in an enterprise, business will have a significant economic effect, and will also remarkably increase the investment attractiveness of the company.

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