



PRODUCTION PROCESSES AND PRODUCT QUALITY IN A COMPANY OF FOOD INDUSTRY

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ABSTRACT

The study is structured on a comparative analysis of the financial performance of selected companies in the food industry and based on own opinion of the author. The Bulgarian enterprises could perceive the strategies that give them opportunities for attracting clients, foreign investment from outside, establishing an effective organizational structure of production management and increasing their competitiveness. The activities of companies in the food industry are viewed and analyzed; the analysis is made on the base of logistics activities to display the guidelines for improvement of activities in the overall production process and product. The aim of the study is research, analysis and recommendations for improving the management level of the production process and quality in the enterprise. Objectives of the study are related to the gathering of information, study peculiarities of production and removal of existing problems.

Key Words: management, production, product, process, strategy, quality

INTRODUCTION

In this study is viewed and analyzed the activity of companies in the food industry, there is made an analysis of logistics activities to derive guidelines for improving and upgrading activities in the overall production process.

The objective of this study is to analyze the situation of the enterprises and to propose recommendations for improving the level of management. There are made analysis of stocks, transport and logistics solutions in the supply, production and distribution, service levels and logistics costs of selected companies from the food industry.

1. Analysis of the Industry.

Food industry produces vital for human food products - flour, meat, sugar, butter, conserves and more. There are changes in the production structure and the forms of its organization in recent years. The three sectors with the greatest importance in the economy of the food industry are production and meat processing; production of bread and other food products, they are evaluated based on the following criteria: management of human resources

(number of employees), value of output the value of fixed assets and investments.

Food industry is highly developed industry with a significant place in the economy and exports of the country. In the period 2008 - 2014 food industry is developing at a higher rate than other industries. In 2014, the food industry has produced production (at current prices) worth 9.9 billion lv. Its share in total industrial output of the country compared to 2008 increased significantly - from 14.6% to 16.3%. (Data from National Statistical Institute of December 2014).

2. Major Strategic Objectives In The Development Of Companies In The Food Industry.

The purpose of strategic development is to achieve higher growth in food and beverages. With her performance will be achieved strengthen the positions of Bulgarian producers, expanding the nomenclature, increasing quality and quantity of traditional products by:

- increase the quality and quantity of the products of the food industry;
- improving material and technical base of production;
- improvement of technology and introduction of new technologies for efficient utilization of the raw material;

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- ensuring the production of scientific information service.

One of the strategic objectives of the food industry in Bulgaria is to have new markets, while maintaining its traditional customers and products.

Decisions on improving production processes and increase the efficiency of production must be taken in conditions of uncertainty and volatility of the environment. (1) This improvement of production activity can:

- develop multiple options of development;
- to select the preferred option;
- to respond rationally for its implementation, including in times of uncertainty and unexpectedness.

Guidelines for improvement should not be hard and rigid, they must be flexible to adapt and adjust to changing conditions.

Given that consumption of foods and beverages on the national market is highly dependent on the income of the population, the efforts of managers and owners should be targeted at reducing the cost of production. This implies the development of programs to consolidate production, but parallel development of programs of activities involved in the manufacture of food and beverages. (2)

To increase the productivity and efficiency of food supplies in the country are important following indicators:

- more aggressive penetration of foreign markets;
- increasing the export of food and beverages;
- increasing the turnover of assets;
- increasing the level of liquidity.

Given the current economic conditions of production of food, there is a need to restructure the industrial facilities in the country. Most owners have to invest in new equipment and technology. They must implement a policy of selling off unnecessary equipment and reinvestment of realized net profits.

3. Opportunities for Improvement of Qualification of the Employees.

An important step in improving the organization of productive activity is raising the qualifications of workers in the sector, expansion of relationships with research institutions and building information services. Social policy should in future be responsible for the increase in the income of workers. Technology development will require highly skilled labor. For this purpose, manufacturers must have their own program for training,

retraining and internal competition. The main elements of the social policy of the enterprise should be to ensure safe and healthy working conditions.

The main issue standing in front of the management of each company in Bulgaria in terms of social policy is to ensure higher incomes for workers. Regular accrual and payment of social security as the basis of stability in the labor force should be in accordance with the legal provisions. There are major prerequisites for creating new jobs, rather will be a lasting trend manifests create an efficient full-time staff with good salary.

At the present stage in the development of management increasingly important acquire the professional skills of the staff as they increasingly determine their large extent of the total economic result from the operation of the enterprise.

Many manufacturers have developed and implemented their own (Individual for each enterprise) process of recruiting, which is designed in such a way as to not allow the application of unqualified personnel. To this end, the ads search company officials should highlight attractions of jobs and focus on staff requirements.

The selection includes the evaluation and selection of those candidates that best meet the requirements. To obtain the information necessary to evaluate each prospective worker perspective, the company must use combinations of these funds and selection procedures (3):

- **Standard forms** - is asking questions about the physical condition of the applicant's marital status, education, business experience, etc. This information shall be taken into account to assess whether the applicant meets the requirements for the position on indicators of age, education and experience on the one hand and on the other - forms help the manager to prepare individual interviews with job candidates.

- **Individual interviews** - enabling knowledge communicative abilities of the applicant, intelligence, sociability, ambition, and other qualities associated with the necessary qualifications for the workplace

- **Psychological tests** - most often they are divided into three groups:

1. IQ tests - measure basic intellectual qualities of the candidate, as the depth of thought, speed of recall, etc.;
2. testing abilities - determine whether the applicant has the opportunity to implement some specific activities;

3. personal tests - they evaluate a large number of individual personal qualities.

For the system of evaluation and control to work effectively, it is important that workers be informed in advance about the criteria of guidance and understood its purpose.

Motivation is crucial in the management of staff. It is explained by the fact that the man, even if not part of the operating staff, always looking prompting motive or justification for their actions. I.e. every person in the workplace must find meaning in their work and submit the results of this work in the common goal of the company (4). The most common expression of this sense, money, social benefits, provision of high social status, etc. and the employer is obliged to provide, if desired higher scores than their staff. Therefore motivated staff is there when its needs are determined.

4. Opportunities to Enhance the Quality and Assortment Structure.

The main characteristic of the quality of products is impermanence. The low purchasing power of the population forced producers to seek to reduce the price of the product at the expense of its quality (5). Lack of effective control over the quality of products allows commercially available quality products. The reason for the low quality is poor hygienic conditions and in breach of the requirements of technological instructions on their manufacture.

The variety of the range, improving packaging and increasing the sanitary conditions of production are prerequisites for increasing the competitiveness of its products. (6)

An important factor for increasing sales is the advertising. Its impact is necessary to accurately determine the impact channels. This could be achieved by studying the market and consumer habits. Advertising market research should be aimed at establishing the interest and demand for goods offered by competitors and what advertising methods and tools to serve you.

The food industry needs significant resources to continuously invest in new technology and technical equipment, process control and quality standards and environmental standards.

5. Ensuring the Resources

- Investment Policy

Sources of financing the activities for the production process can be:

- foreign investment;

- Fund "Agriculture", "Ministry of Agriculture and Forestry"

- "The Ministry of Environment and Water."

Credit must be carried out after pre-certification of products and technologies used according to national and European standards and certain criteria specific credit institution.

- Information Services

Unfortunately, not all companies producing food (especially micro and small enterprises) has implemented information processing system of supply and marketing. As information is increasingly occupies a leading position in the enterprise, it is a major and important resource. Therefore, in the formulation and implementation of business strategy information security plays a crucial role.

6. Opportunities for Development through Inter-Firm Cooperation

One of the possible ways of achieving the strategic objective of the industry is the creation of inter-firm cooperation.

Inter-firm cooperation is necessary because the resources required for production can be crucial to the cost of production activity. Participants in co-ordination are able to reduce the cost and increase the quality of our products and services. At the same time the existence of inter-firm cooperation for the production and sale of products associated with certain advantages for the participating companies. First it leads to unfettered access, sometimes at preferential prices of raw materials and others. Second is the positive role of the efficient use of raw materials delivered. While companies receive fast access to information on the technology and have the opportunity to influence innovation.

The supply of products by suppliers must receive the same level of planning and control, and other internal activities of inter-firm cooperation. Another important aspect is that of input control on quality, quantity and integrity of supplies. When choosing suppliers companies must assess the place and the discretion of those in the sale.

In the struggle to win greater market share to achieve a higher level in certain key criteria can help a company collaboration to redirect users to their products (opposite - lower level would discourage).

A key point of the activities of inter-firm cooperation is the process or the activities of

its development and validation as business associations.

Like any business cooperation has its life cycle. It has three main phases:

- phase of preparation and production;
- phase of the operation;
- restructuring phase, respectively liquidation of companies.

CONCLUSIONS AND RECOMMENDATIONS

In the survey of 20 companies from the food industry (respectively food and drinks) can make these assessments, conclusions and recommendations:

1. In the context of our overall economic state of the industry is defined as very good trends to increase production and quality of the products.
2. During the period considered (2008-2014) the firms functioned successfully as demonstrated by the fact that all costs are covered and have generated profit reflects positively on the country's GDP.
3. In order to have sufficient funds to cover the costs incurred, businesses should maintain a continuous balance between high liquid assets and those with a low level of liquidity.
4. The analysis in turn shows an increase in stocks of finished goods, which impacts on reducing the return on assets.

Based on the lessons learned can be recommended to the owners and managers of industry in Bulgaria to focus their efforts on minimizing the inventory of finished goods and placing it on the market more quickly, even with the reduced profit margin for each

separate article type. Therefore, to plan and work towards improving the product range by calculating the individual profitability of individual types of products and increase profitability.

CONCLUSION

The worst problem of Bulgarian production is the shortages of good quality raw materials. Therefore efforts in this field should be in the direction of development of agriculture and animal husbandry.

Another problem is the massive influx of unskilled labor in the whole chain. This applies both for the owners and managers and to specialists and experts in this field.

Finishing cycle of production - packaging and distribution, as well as modern technological equipment should be complete and updated in line with modern global trends.

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