



# THE CONTROL AND MANAGEMENT OF RAW MATERIAL RESOURCES IN MAINTAINING THE PRODUCTION DIVISIONS OF BANANA CAKRA BAWANA PASURUAN

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## ABSTRACT

Every company either a service company or a manufacturing company must have the same goal of earning profit. But to achieve that goal is not easy because it is influenced by several factors, and the company must be able to handle these factors. One of the factors that affect the problem is the smoothness of production. The production problem is a very important problem for the company because it is very influential on the profits obtained by the company. If the production process runs smoothly then the company's goal can be achieved, but if the production process does not run smoothly then the company's goals will not be achieved. While the smoothness of the production process itself is influenced by the presence or absence of raw materials will be processed in production.

Keyword : Raw Material, Production, resource

## INTRODUCTION

Any company, whether a service company or a manufacturing company, always needs the inventory. In the absence of the inventory entrepreneurs will be exposed to the risk that his company at one time can not fulfill the wishes of its customers.

Paisal Halim Said that This may happen because the goods or services are not always available at all times, which means that the entrepreneur will lose the opportunity to earn the profit that he or she should have. So inventory is very important for any company that produces both goods and services (Halim & Sriwahyuni, 2017).

With the availability of raw material inventory, it is expected that the industrial companies can perform the production process according to the consumer needs or demand. In addition, with the availability of sufficient raw materials available in the warehouse, it is also expected to facilitate the activities of production / service to the company's customers and can avoid the lack of raw materials. Delayed schedule fulfillment of product ordered by consumer can harm company, in this case less good image (Halim, Badruddin, & Hamson, 2017).

Based on the above description, the authors can conclude that the control of raw material inventory is very influential on the smoothness of the production process.

## LITERATURE REVIEW

### The Inventory

#### The Definition of the Inventory

The term inventory is a general term that denotes anything or organization resources which are stored in anticipation of demand fulfillment. The demand for these internal or external resources includes inventories of raw materials, in-process goods, finished goods or end products, the auxiliaries and other components that form the part of the product output of the enterprise (Brata, 2005).

According to Prawirosentono (2001), the inventories are the current assets in the company in the form of raw material, semi-finished goods and in-process goods. According to Handoko (2000), if a company puts too much money into inventory, it causes the excessive storage costs, and may have "Opportunity Costs" (funds can be invested in more profitable investments". Conversely, if the company does not have the sufficient inventory it can lead to costs due to the material shortages.

Thus, it can be concluded that inventory control is very important for the smoothness of the production process that eventually able to generate income.

According to Schroeder (2000) there are four reasons to make inventory, among others:

1. To protect from the uncertainty.
2. To enable the production and purchase economically.
3. To address the anticipated changes in the demand and supply.
4. Provision for transit

#### Understanding the smoothness of the production process

The companies use many continuous production processes if within the company there are definite sequences from raw materials to the last production process. The production process falters when there is no definite order or pattern from the raw material until it becomes the end product or the order is always changing (Ahyani, 2002).

## DISCUSSION

### The Need for Raw Material Inventory

The supply of raw materials inside the company is a very reasonable thing to be well controlled. Any company that produces the products (companies that carry out the production process) will require raw material inventory. Whether intentional or unintentional, both companies are small companies, medium-sized companies and large corporations. However, the manner in which these raw material inventories will

be have many varies for each of these companies, whether in terms of the unit number of raw material inventory within the enterprise, or the management of the raw material inventory within the enterprise concerned (Alisjahbana et al., 2018).

Some of the things that cause the company must conduct inventory of raw materials, are as follows:

1. The raw materials to be used for the implementation of the production process of the company will not be purchased or imported one by one in the number of units required and at the time the material will be used for the production process of the company.
2. If there is a condition that the necessary raw materials are not in the company or do not have raw material inventory, while the raw materials ordered to be imported into the company have not arrived yet, then the implementation of production process activities will be disrupted. The absence of raw materials in this company will result in the cessation of the implementation of the production process, especially on machinery and production equipment that directly process the raw materials
3. To avoid this lack of raw materials, the management of the company may decide to provide raw material inventory in a sufficiently large number of units.

Some losses to be suffered by the Company in connection with the Implementation of Raw Materials Inventory (Arimbawa, Artaya, 2008):

1. The cost of storage or warehousing that will be the responsibility of the company becomes greater.
2. Implementation of raw material inventory that is too large will mean having to prepare a large enough fund also to purchase materials.
3. The high cost of storage within the company as well as the investment in the raw material inventory of the company will result in reduced funds for financing and investment in other areas.

Some disadvantages if the Company keeps a supply of raw materials that the number of efficient and correct is:

1. The supply of small quantities of raw materials sometimes can not meet the needs of the company for the implementation of the production process
2. If companies often run out of raw materials for the implementation of the production process, then the implementation of production processes within the company can not run smoothly
3. The inventories of raw materials in the company which has the average number of units is relatively small will result in the frequency of purchase of raw materials will become greater

## CONCLUSION AND SUGGESTION

### Conclusion

Based on the above discussion, the authors conclude that the implementation of raw material inventory in this case the control of raw materials is very important for the smooth production process. Because the raw material is a very important element of production, the existence of raw material inventory including the control must be considered. It should not be excessive and diminish. Because, with the excess inventory of raw materials incurring a large cost which in this case will reduce the company's profit. Likewise, the supply of raw materials which are less will inhibit the production process and also likely to cause the cost of purchasing materials enlarged. Because the purchase is not done normally and it is more expensive than the normal price. Thus, it will also incur greater costs and reduce company profits.

### Suggestion

In connection with the provision of raw materials inventory, every management company both large and small companies should consider some of the things below so that the production process can run smoothly and the achievement of corporate goals, especially profit can be achieved. Those are:

- 1 the large number of units of raw material inventory which will be held within the company.
2. When and how many units of raw materials will be purchased by the company.
3. When the company concerned will make a repurchase, if the inventory of raw materials within the company is perceived to have been exhausted.

If the above has been considered then the possibility of risks that appear will be reduced even could be lost, including the production process can run smoothly and the maximum profit.

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